

**Towards a better understanding of the
relationship between speed of internationalization
and performance outcomes among young
international ventures**

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Abstract

This thesis offers an explanation for the inconsistent relationship between speed of internationalization and performance outcomes in the context of young international ventures. We argue that the variables of scope of internationalization, entrepreneurial orientation and degree of internationalization play a moderating role in the relationship between speed of internationalization and performance outcomes of international new ventures (INVs). Using primary survey data from INVs in China, we found empirical support for significant moderating impact of scope of internationalization, entrepreneurial orientation variables and no support for the moderating impact of degree of internationalization variable. The results suggest that business managers of INVs shall consider the applied moderating variables as an effective tool kit to enhance firm performance in foreign markets and to mitigate any potential risks of early internationalization.

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List of Abbreviations

- 1. INV – International New Ventures**
- 2. PTI – Process Theory of Internationalization**
- 3. IE – International Entrepreneurship**
- 4. FDI – Foreign Direct Investment**
- 5. IPO – Initial Public Offering**
- 6. BRIC – Brazil, India, Russia, China**
- 7. MNC- Multi-National Corporation**
- 8. EO – Entrepreneurial Orientation**
- 9. LAN – Learning Advantage of Newness**
- 10. SME- Small and Medium Enterprises**
- 11. MNE – Multi National Enterprise**

1. Introduction

International New Ventures (INVs) have emerged as an interesting subject of recent research in the field of international entrepreneurship (IE) (Acs et al., 2003; McDougall & Oviatt, 2000; Rialp et al., 2005; Young et al., 2003). Significant theoretical and empirical advances have been achieved in the extant IE literature such as relevance of knowledge and networks, impact of entry modes and the number of export markets served by firms (Coviello, 2006; McNaughton, 2003; Sharma and Blomstermo, 2003; Zahra et al., 2000). Much of previous research has examined the antecedents and performance outcomes of INVs. Majority of the extant literature has focused on understanding and analyzing the reasons behind the emergence of international new ventures (Andersson & Wictor, 2003; Knight & Cavusgil, 1996; Oviatt & McDougall, 1994; Rennie, 1993). The factors underlying performance outcomes and subsequent international growth have also been explored in great detail in the previous studies (Autio et al., 2000; Bell et al., 2003; Bloodgood et al., 1996; McDougall et al., 2003; Moen & Servais, 2002).

The early internationalization of new ventures has challenged the traditional theories of internationalization (Zahra & George, 2002; McDougall et al., 1994). The process theory of internationalization describes international entry as an incremental process that begins relatively late in a firm's life cycle (Johanson & Vahlne, 1977, 1990). Johanson and Vahlne (1977) have argued that firms have an inclination to operate in the comfort zones of existing knowledge pool and domestic client base, unless shaken out of that zone by an unexpected event such as a strategic foreign tie-up or an export order. Their model goes on to state that such firms then advance their level of internationalization through an incremental process, orchestrated by the gain of knowledge and experience. In contrast, new venture internationalization theories depict the internationalization process as an in-built mechanism, present right from the establishment of the firm and as a stimulator for rapid growth in foreign markets (Oviatt & McDougall, 1994; McDougall et al., 1994).

Learning advantages of newness (LAN) has been proposed as a theoretical foundation for new venture internationalization (Autio et al. 2000; Sapienza et al., 2006). According to Autio et al. (2000), growth patterns of international new ventures are related with their inherent 'learning advantages of newness' (LAN). The basis of the existence of 'LAN' phenomenon is the observation that INVs do not suffer from the inertial forces which plague older and established firms which follow the traditional path of gradual internationalization. In contrast, older and

established firms are not able to move quickly to gain an advantage as they need to go through hierarchical processes and routines to accept new learning and thus suffer from acute inertia. However, there is an interesting dilemma concerning how INVs are able to enjoy LAN (Zahra, 2005). It is imperative that INVs develop good relational ties with foreign partners or buyers to mitigate liability of newness in order to create a competitive advantage (Zahra, 2005). In particular, there is mixed support for the LAN argument.

It is noticeable that there have been arguments in both the overwhelming support and apparent lack of support of the speed of internationalization and firm performance relationship in the extant literature. In support of a positive and direct relationship between speed of internationalization and firm performance, it has been shown that the earlier a new venture enters into foreign markets, the faster it can grow internationally (Autio et al., 2000). On similar lines, Lu and Beamish (2006) have provided further evidence by showing that Foreign Direct Investment (FDI) has a greater impact on firms' growth performance among those which started to make FDI in the earlier ages.

However, the extant literature on the relationship between the speed of internationalization and firm performance outcomes is not without its share of insignificant impact results. Brush (1992) concluded that venture age at first foreign entry was not significantly related to either sales growths or employee growths, which are both firm performance attributes. To strengthen the insignificant linear association premise, Khavul et al. (2010) did not find a significant linear association between the timing at first foreign entry and the new venture's performance outcomes including sales growth. These mixed results bring up both challenging and engrossing issues in the INV literature. The issue is quite challenging as the relationship between speed of internationalization and firm performance outcomes might have some moderating variables. It is engrossing as prominent studies in the international entrepreneurship literature have prominently focused on the theoretical developments and empirical examination of the performance implications of early internationalization (Oviatt & McDougall, 2005; Zahra, 2005).

The primary purpose of this thesis is to further examine the link between early internationalization and performance outcomes. In line with previous research (Autio et al., 2000), the variable of speed of internationalization is used as an indicator for early internationalization, which is defined as the time lag between the conceptualization of the firm and the stage when first foreign revenues are generated. In an effort to resolve the inconsistent findings documented in the literature, we propose and test a set of moderating factors concerning

the relationship between speed of internationalization and performance outcomes. First, we argue that the scope of internationalization positively moderates the impact of speed of internationalization on firm performance. Scope of internationalization is defined as the type of foreign market served by the early internationalizing INVs, such as culturally-similar, geographically-similar and global markets as per the orientation of the target market. The reason behind our argument is that scope of internationalization helps INVs overcome their resource limitations constraining the international expansion. Second, we propose that entrepreneurial orientation (EO) also positively moderates the impact of speed of internationalization on firm performance. Entrepreneurial orientation is defined as a strategic approach that involves being innovative by branching out from existing practices and norms to execute new ideas by taking risk in exploring new products, services, and markets. We believe entrepreneurial orientation has a moderating influence on the relationship because it augments the innovation quotient and risk taking aptitude of INVs. Finally, we suggest that degree of internationalization positively moderates the impact of speed of internationalization on firm performance. Degree of internationalization is defined as the ratio of foreign revenues to total revenues for a firm. We believe degree of internationalization has a moderating influence on the relationship as it provides means for firms to exploit competitive advantages and to renewed international activity leading to substantive international business intensity and commitment.

The use of moderating variables will help in consolidating the recent work on the factors impacting superior performance of INVs (Knight and Cavusgil, 2004; Oviatt & McDougall, 2005). This will also lead to organizational learning through managerial implications obtained in the process of applying moderating variables to the speed of internationalization and firm performance relationship. In following such an approach, researchers can make international new ventures understand the relevance of focusing on the moderating variables of scope of internationalization, entrepreneurial orientation and degree of internationalization in order to accentuate the overall impact of speed of internationalization on firm performance measures.

2. Literature Review

2.1 INVs Defined

We first dwell on articulating the primary definition of International New Ventures (INVs) to begin the section and then explain their building blocks in the sub-sections. Oviatt and McDougall (1994) have described international new ventures (INVs) “as a business organization that, from the inception, seeks to derive significant competitive advantage from the use of resources and sales of outputs in multiple countries.” (p.49).

INVs have an entrepreneurial bent of mind from the outset and they assemble their knowledge base, technical capabilities, networks and available resources at hand to make a powerful combination in order to provide new capabilities and products/services, which contribute towards a sustainable competitive advantage in international markets (Autio et. al, 2000; Zahra, 2000).

There has been a reasonable amount of diversity in reporting the venture age at first internationalization. Coviello and Jones (2004) have shown that different time frames have been used to define INVs, ranging from less than 6 years, 7-10 years, 11-12 years, to 20 years and more. According to then, most of the studies use 6 years or less of age as the cut-off to define an international new venture. Thus, there is a lack of consensus among the researchers regarding the firm age at internationalization to be used for international new ventures. They summarize that current studies tend to favour either the international or entrepreneurship side of the theoretical interface and that the extant research is characterized by the use of inconsistent definitions and measurements of key variables such as firm size and age.

As discussed above, we note that different researchers have deemed a venture to be new for different periods of time. McDougall et al. (1994) have used the term international new ventures as being eight years or less while others such as Shrader (1996) has set this time frame as six years or less. However, there is no segregation in these six years or less time frame to understand the internationalization outcomes of firms which go international in different timeframes such as right after their inception, between zero to three years and between three to six years. It would be interesting to see the different firm performance outcomes of the international new ventures with varying time-frame definitions and then generate organizational learning from them.

2.1.1 International Entrepreneurship Background

International Entrepreneurship has been an emerging and exciting field of research in recent times. Dimitratos and Plakoyiannaki (2003) have shown that international entrepreneurship is an organization-wide process which is embedded in the culture of the organization and which seeks to exploit opportunities in the international market-place to generate value. The five aspects associated with their definition are the entrepreneurial capabilities of the top management of the firm, the processes of the firm, the organizational culture of the firm, the zeal to explore and exploit the opportunities in the international market-place and finally the focus towards the value-creation of the firm and its stakeholders. Keupp and Gassmann (2009) have portrayed the International Entrepreneurship (IE) in a very context-specific literature which has not achieved much academic legitimacy outside the immediate environment of entrepreneurship journals. It is in contrast to “classical entrepreneurship research” which is published widely in management journals. Oviatt and McDougall (2000) have reiterated that the term International Entrepreneurship (IE) is a combination of innovative, proactive, and risk seeking behaviour that crosses national borders and is intended to create value in organizations. Thus, to cross national borders, it is important for firms to explore international opportunities and firm size and age are defining characteristics in taking that decision.

We now dwell upon how INVs can be manifested as a research domain of international entrepreneurship (IE). According to Keupp and Gassmann (2009), there exists a serious gap between our knowledge about the process of entrepreneurially driven internationalization evolution, especially during the early stages. They have compared the mainstream IB theory and the entrepreneurship theory, wherein in the former the emphasis lies on the linear, ordered and sequential nature of the internationalization process and the latter focuses on the dynamic, often chaotic, aspects of early internationalization where skills, experience and social networks play a dominant role. It is because of these inconsistencies that there is no clear theoretical understanding of the initial stages of internationalization, especially of the INVs. A further gap in the knowledge about the factors leading to the early and rapid internationalization has been identified by Keupp and Gassmann (2009), as the imbalance between the firm-level and individual level contributions. According to the authors the exploratory contributions need to be supported by the hypothesis-testing articles to elaborately explain the firms’ rapid and early internationalization. Autio et al. (2000) have concluded that business researchers need to do more work in the growing field of international entrepreneurship and should focus on specific modules that impact the performance outcomes of a firm in the international market place. This thesis

hence tries to plug this gap in INVs by focusing on the firm age at entry variable (speed of internationalization) and hence it's subsequent impact on firm's performance outcomes.

2.1.3 Foundation Theories of INVs

In this section, we will review the various foundation theories of INVs. Autio (2005) reviewed the impact of Oviatt and McDougall (1994) article toward a theory of international new ventures and highlighted the challenges raised by them in the process theories of internationalization. They raised a lot of questions such as the possibility of the existence of an optimal sequence in which competencies should be developed and whether all the sequences lead to equivalent outcomes. Such questions need a thorough investigation into the theoretical foundations and inter-linkages of attributes such as nature of path dependency, selection of entry modes, resource access and control, firm specific variables with firm performance and other implications for growth and survival. They have endorsed the challenging viewpoint of Oviatt and McDougall (1994) against the 'Process Theory of Internationalization' (Johanson & Vahlne, 1977, 1990), which explained why internationalization processes tend to unfold in a gradual and incremental fashion. The major reasons for moving towards a 'International New Ventures' (INV) paradigm were that the flow of information from foreign markets had been enhanced over the years, the efficiency of firms' ability to coordinate across different countries and nations had increased, the international experience amongst managers and entrepreneurs had escalated multi-fold and firms were more open to explore foreign opportunities through mobilizing external resources. They have also laid out detailed pedagogy of differences between 'Process Theory of Internationalization' (PTI) and 'International New Ventures'. Theoretical dimensions such as underlying theories, speed of foreign market commitments, internationalization strategic posture, firm objectives, relationship between individual and firm knowledge, selection of entry modes into foreign markets, degree of environmental dynamism, nature of opportunity window and competition, importance of international pre-experience of management, size of internationalization steps, etc. have been explored for both the PTI and INV models. The results showed considerable differences and validated the need for moving towards a more dynamic and enterprising INVs paradigm.

Oviatt & McDougall (1997) have thrown attention on the Uppsala Model of internationalization brought about by a group of scholar at the University of Uppsala in Sweden. The Uppsala model portrays the internationalization of a firm as an incremental model which progresses based on the firms' experiential knowledge of foreign markets. There have been contradictions of the Uppsala model by Andersson (1993), who pointed out that the Uppsala model has no explanation for how

the internationalization process is initiated and has no explanation for the methodology by which the resources are affected by the experiential knowledge of a foreign market. Hence, the Uppsala model is not able to explain the existence and growth patterns of INVs. Andersson (1993) has also pointed towards the lack of operational definitions in the INV literature, such as that of the timing of going international for INV's. Autio (2005) has specifically stressed that neither the 'Process Theory of Internationalization', nor the Oviatt & McDougall's perspective on international new ventures has incorporated firm-level outcomes of internationalization process in their frameworks and that the study of International New Ventures could be greatly enriched by the theoretical implications of more firm-level studies. This thesis fulfills this need by enriching the existing INV literature through focusing on the firm-level outcomes (firm age) by gauging the speed of internationalization and firm performance relationship and thus expanding the overall International Entrepreneurship domain's theoretical foundations.

Monopolistic advantage theory suggests that firms will internationalize when they can use their established advantages in foreign countries at no additional costs by leveraging advantages such as superior knowledge and skills. Bloodgood et al. (1996) agree with this concept but disagree with the theory's assumption that the advantage must start out as a domestic advantage. They believe INV's are capable of operating effectively by first developing advantages outside their home countries and then branching out to foreign markets.

Stage Theory of Internationalization, on the other hand, illustrates that a firm's international operations shall increase gradually when it gains knowledge and experience in the foreign markets and develops relational ties with foreign partners. It basically means that the higher international experience a firm has, the greater is its ability to expand internationally. The internationally entrepreneurial firm could well use the international experience of individuals within the firm by capitalizing on the international experiences while expanding into foreign markets. However, there have been a lot of firms which have experienced rapid internationalization in terms of FDI in the initial years of their operations. International new ventures can also be conceptualized under the resource-based view as unique bundles of tangible and intangible resource accumulation. Barney (1991) argue that these resources comprise of assets, capabilities, processes, routines, and skills possessed by the venture. They also posit that the adoption of the cost advantage and product differentiation strategy by a new US venture is positively related to the extent of its internationalization at the time of the IPO. They finally concluded that the degree of internationalization does vary systematically for US based high potential ventures depending upon firm specific resources and strategies at the point of initial

public offering. They also co-related higher international work experience, pursuit of product differentiation and larger firm size with higher internationalization of new high potential ventures in the US. They found that ventures' size and innovation were all positively associated with the rate of sales growth in the two years following IPO.

Johnson (2004) has described in detail the internal, external and facilitating factors which may lead to creating an international orientation for a new venture. Some examples of such factors are international vision and experience of founders, economies of scale, international niche markets, need to react to competitor initiatives worldwide, small domestic market, short product life cycles, influence of network partners, advances in international communications tools, improved information technology and integration of world's financial markets. The author has also defined a firm as an international start-up if the international operations are realized within five years of inception and international sales represent a minimum of 20% of total firm revenues over the first five years of commencement of international activity. This definition is in sync with existing definitions of international new ventures but lacks the flexibility and instances of firms internationalizing after five years. Hence, it is important to modify and introduce new dimensions to the age of a firm at first internationalization so that it includes all instances of firms internationalizing in one umbrella.

2.2 Emergence of INVs in the Global Context

2.2.1 Emergence of Economic Globalization

Looking at the industrial arena, there has been a lot of considerable debate and research about firms going international in order to increase their footprints and build alternate streams of revenues, apart from their domestic markets (Oviatt & McDougall, 1994; Zahra et al., 2000). This phenomenon can be broadly classified as a part of the economic globalization process and is defined as the globalization of production, markets, competition, technology, and corporations and industries and has begun to occur at an increased rate over the last few decades (Dunning, 1993). This recent boom is largely driven by the integration of developed economies with less developed economies, through foreign direct investment, the reduction of trade barriers, and the modernization of the developing cultures. Moreover, economics, cross-border trade and capital flows are an important aspect of geopolitical relationships than at any other previous point in the past, as they are critical in shaping attitudes regarding foreign policy and inter-relationships at a global platform. Because of this global economic integration and inter-dependency, the world today is so interconnected that an event such as the collapse of the subprime mortgage market in

the United States can lead to a global financial crisis and recession. As a result, more firms are looking at diversifying internationally from the outset to counter such events in future. Such firms believe that geographic diversification would generate superior risk-adjusted returns for long-term by reducing overall portfolio risk while capturing the higher rates of return offered by emerging markets. Hence, such firms are increasingly looking at markets in Asia, Eastern Europe and Latin America to capture them as export markets.

Major emerging markets, most notably the BRIC countries (Brazil, Russia, India and China), are emerging as important players in a truly global political and economic interchange. The BRICs trade is expanding, both with the industrial world and with each other. Deeper integration is visible in capital flows as cross-border Mergers and Acquisitions (M&A) has picked up sharply, while FDI inflows to the BRICs and to developing countries have accelerated in the last 10 years. The BRICs clout is growing in issues such as global trade negotiations, energy security, commodity markets and M&A. China and India are at the forefront of policymaking and concerns on a range of geopolitical issues. Goldman Sachs clearly spells the benefits for companies going for globalization as they are offered the best opportunity to prosper in the coming years in their annual reports on emerging markets. Globalization allows access to new markets, new technologies, a global workforce, inexpensive transport and communications, and fresh ways of doing business.

Gartner (2010) has found out that in this increasingly dynamic global environment, multinational providers will continue to extend their footprint in different geographies, carrying with them their expertise and maturity, while local providers will strive to become offshore providers, searching for opportunities and niches they can explore. Even though some countries are rated poorly for business friendly environment, internationalizing firms find individual providers, both global and local, whose capabilities shall mitigate the risks involved.

A McKinsey (1993) study of Australia's high-value-added manufacturing exporters highlights the rise of numerous small to medium-sized companies that successfully compete, virtually from their inception, against large, established players in the global arena. These firms did not slowly build their way into international trade. They have termed such firms as INVs. McKinsey have given the example of Cochlear, a company specializing in the production of implants for the profoundly deaf. Based in Australia, it maintains an international technological lead through its strong links with hospitals and research units around the world and through its collaborative research with a network of institutions in Australia, Switzerland, Germany, and the United States. Exports

account for a full 95 percent of Cochlear's \$40 million sales, which have been growing at a real annual compounded rate of over 25 percent throughout the last five years. Hence, it is a prime example of a company that was an INV.

McKinsey has also identified the causes for this emerging pattern of INVs. Broadly, the causes lie in the dynamic inter-relationships between changing consumer preferences, changing manufacturing and information technology, and changing competitive conditions. Consumer preferences have shifted radically in the past two decades. As a result, niche markets have become an important source of opportunities for small firms, which are usually swifter than their larger competitors to adapt product offerings to meet emerging market needs. Also, developments in communications are affecting the boundaries between different markets. Using the latest telecommunications and computer technology enables firms of any size to manage business systems that extend beyond their own boundaries. Similarly, smaller firms are often more adaptable and cost effective as product life cycles are shrinking and consumer tastes change quickly. They also break down the notion that firms need to build a strong domestic base before venturing into overseas markets as the high fixed costs of entering a new market at a distance, including the costs of gaining market information and of managing agents or representatives to provide quick, effective sales and service response.

However, information on export markets is now readily available thanks to improvements in the recording of public and private data throughout most of the world, and information technology has substantially lowered storage and retrieval costs. Similarly, international telecommunications have become much cheaper and more dependable. When asked how they actually do business, the INVs in McKinsey's survey said that the improved communications were paramount in allowing them to run cheap and responsive sales and services operations across languages and time zones. Hence, such technological improvements allow firms to take the INV path and be successful at it. McKinsey's report also demonstrated that the INV story is not about particular technologies or sectors of the economy. They posit that INVs are exposed to competition from international low-cost providers from the first day of their existence and to be successful they need to compete with regard to quality and value. By understanding and satisfying the needs of a particular group of customers better than anyone else in the world, they compete in niche markets by being flexible and delivering fast.

2.2.2 Macro Environmental Factors of INVs

Andersson and Wictor (2003) have focused upon developing a conceptual framework on the macro environmental factors impacting INVs by exploring the factors of globalization, entrepreneurs, networks, and industry. They identified four INVs in Sweden and analyzed these four firms with this framework. They have thus investigated why some firms internationalize shortly after their inception and what factors are important for an understanding of their behaviour. They categorize INVs as firms which start exporting within two years of establishment and tend to export at least a quarter of their sales, and are led by active entrepreneurs riding on a significant breakthrough in some process or technology. They conclude that the establishment modes of INVs are a strategic choice, and are the opposite of the traditional models of internationalization. A firm might have scarce resource alternatives, such as distributors, but can still mark them as their first preference. A new venture might be unable to find a suitable distributor and hence they can start the venture as a joint venture or a subsidiary. Hence, the new venture can take multiple modes of entry for a planned and rapid internationalization, confirming the findings of Crick and Jones (2000). The entrepreneurs in a new venture shall also be able to implement a global strategy inside the firm. The entrepreneurs' personal networks, including local and global ones, are an important tool for implementing the INVs strategy. Hence, their study shows the importance of entrepreneurs, strategic choices, and personal networks in different industries for an understanding of INVs. Their conceptual framework shows globalization trends as development in communication technology and transportation, decreasing trade barriers which make it easier to follow an international strategy. The entrepreneurial factors in the conceptual framework show that individuals in a firm, especially at the management level, are the most important determining factors of a firm's pattern of entry in the international markets. The network variables show that international networks are very important for an understanding of a firm's international development, both on a personal and organizational level. The industry characteristics play a crucial role as well in determining the growth of international firms as they determine the future international behavioural patterns of a firm.

Dib et al. (2010) have focused on the phenomenon of INVs in the context of an emerging economy, namely Brazil. They identified a set of internal variables, namely a firm's network and entrepreneur variables to explain why a firm would follow an INV approach rather than a traditional internationalization approach. Thus, they aim to contribute to a better conceptualization and understanding of the INVs by developing an integrative model of the firm and entrepreneurial variables to explain what makes certain firms follow an early and accelerated

approach to internationalization, while others stick to a more conservative and slow approach to internationalization. Their conceptual model integrates firm level, network level and entrepreneurial level variables such as innovativeness, customer orientation, product differentiation, use of networks, international orientation, risk endurance and technical know-how to read their impact on the type of internationalization process followed by the two different group of firms. Therefore, this study was able to bring out significant differences between INVs and firms following a traditional internationalization path to show that certain firm and entrepreneurial variables seem to be associated to the type of internationalization process chosen by the two groups. Some of the key results illustrated that INVs are more innovative; customer oriented, and are led by entrepreneurs having higher technical knowledge than their counterparts. The entrepreneurs in INVs also seem to be more risk-oriented in international markets than those in firms following the traditional and gradual internationalization path. Other variables such as network ties did not significantly differentiated the two groups. This thesis acts upon this research implication by building brackets through which INVs can be classified into concrete segments.

Fan and Phan (2007) have showed that INVs need not be a distinct set of firms as shown by previous research patterns. They have zeroed in on the factors behind INVs to examine the pattern of entry into international markets for a set of international new ventures. In doing so, they investigate whether the INVs are influenced by the same economic factors in their early internationalization decisions as other firms, and the extent to which INVs are subject to the influence of cultural distance when their business decisions involve the mass markets. Hence, they demonstrate that economic factors play a significant role in influencing firms to internationalize early. In fact, profit maximization represents the ideal strategic path for some firms through early internationalization. This brings out the importance of potential financial gains and hence performance in a firm's quest for exploring international markets. To consolidate this argument, there is a strong requirement for INV literature to guide aspiring entrepreneurial firms to go international in their quest for maximizing profits and assets. This thesis works upon providing this theoretical foundation needed and thus augmenting the existing literature of the INVs subset in the international entrepreneurship universe. The economic drivers of the INVs have been traced to the environmental factors and to the characteristics of the firm as well.

They posit that the larger the size of the home country market, lesser is the chance of a new venture to go international at inception. It implies that an aspiring new venture needs to trade off the cost of entering foreign markets against that of accessing its home market. Hence, it is all the more important to have an estimation of the kind of firm performance a INVs would have

depending upon the timeline it adheres to while going international. This thesis shall provide such estimations to the INVs through focusing on internationalization speed and performance and thus helping them to gain maximum traction out of their foreign expansion plans. Sharma and Blomstermo (2003) have pointed out the importance of weak ties in the internationalization process of firms and that INVs are more willing to adapt their internationalization strategy to the needs of the market. It is not easy for domestic firms to change their mental models and processes when their orientation is domestic with no international relationships. They also posit that the process of going abroad transforms the indirect ties of the INVs into direct ties and vice versa. This process through which weak ties turn into strong ties and indirect ties turn into direct ties is gradual. As the commitment of resources by the firm in individual foreign markets increase, some of the indirect ties are transformed into direct ties.

Madsen and Servais (1997) have summarized the empirical evidence about INVs and interpreting them at a deeper theoretical level. They have studied the antecedents as well as the necessary and sufficient conditions for the rise of the INVs through generating propositions. They also found that INVs are more specialized and niche oriented with products that are highly customized and standardized. The geographical location of activities in INVs is determined by the past experience of founders and partners as well as economic or customer related factors. The distribution channels of INVs often rely on hybrid structures such as close relationships, network partners, joint ventures, etc., as they often depend on supplementary competencies sourced from other firms. They also associated the growth of an INV with high innovative skills, and the ability to access effective R & D and distribution channels, often in partnerships with close collaboration in international relationships. They also make an interesting observation that firms in countries with small domestic market have a higher propensity to become INVs than in firms in a nation with large domestic markets. The nations with a large number of immigrants like Australia may also have a higher proportion of INVs as the immigrants have a good association with their home markets. As evident, they have focused on lot of building elements of the phenomenon of INVs including antecedents and other success factors. However, the factors which might have a direct implication for firm performance have not been explored in this study.

2.2.3 Nature of International Activities

In this section, we classify the nature of numerous international activities pursued by the INVs. Import start-ups usually focus on venturing into markets with which the entrepreneur is familiar with. On the other hand, multi- national traders serve diverse markets where their networks are

established or where they can quickly be setup. Geographically focused start-ups serve the specialized needs of a particular region of the world through the use of foreign resources. They are different from the multi-national traders as they are geographically restricted to the location of the exclusive need. Henceforth, their competitive advantage lies in the co-ordination of multiple value chain activities such as technological development, human resources, and production. Another radical type of international new ventures is the global start-ups. They are unique as their founders want their ventures to be global in its acquisitions of inputs and its target markets from the very beginning. Global start-ups are the most difficult international new ventures to develop because they require skills at both geographic and activity co-ordination levels. The framework by Oviatt and McDougall (1994) defines sustainable international new ventures as controlling assets especially unique knowledge that create value in different countries, which tend to control rather than own assets due to a resource scarcity.

Elango and Pattniak (2007) have focused on the nature of international activities of firms from emerging markets and on how they build capabilities to operate in international markets through learning from parental networks. They have specifically focused on Indian markets and the emphasis on export led growth from an import substitution orientation, market competition in most sectors from a state control and trade barriers mentality to open market orientation. In such an institutional environment it is difficult for entrepreneurial firms to go international and achieve good performance. Hence, this thesis aids such entrepreneurial firms in emerging markets in choosing the right speed to internationalize to attain best possible return on investment. In emerging markets like India and China, local firms face competition with large MNC's and hence many local firms are forced to seek international markets for newer opportunities and better margins.

Elango and Pattniak (2007) also posit that such entrepreneurial firms in emerging economies are better off choosing a cost-based strategy wherein firms compete on market power and efficiency based advantages. They show that although emerging market firms operating in international markets lack the differentiation advantages of marketing and technology arena, these firms possess size-based or efficiency based cost advantages. Hence, their study reinforces the importance for a firm to choose a cost-based or differentiation based approach to competitive advantage depending on the environmental context. They also call for firms developing international operations to integrate their own network, resources into strategic planning. This shall increase the potential of the internationalizing entrepreneurial firms and reduce their chances of making mistakes due to liabilities of foreignness (Luo, 2003). For firms lacking parental

support, they suggested an option of seeking foreign partners with resources discussed above. Such foreign partners shall allow local firms to break into newer markets and potential networks belonging to other partners in foreign markets.

We now focus on the inward and outward internationalization activities of the INVs. Welch and Luostarinen (1993) have focused on the inward internationalization of value chain activities through the exposure gained by entrepreneurs in the foreign markets and the outflow of product and services through outward internationalization. Hence, they have concluded for an extensive research on this dimension so as to account for both internal and external internationalization. Most of the previous studies on internationalization have focused on outward internationalization. However, inward internationalization, in terms of resources and technology, also plays an important role in the overall internationalization perspective of firms. The inward process might precede and influence the development of outward internationalization, in a way such that the effectiveness of the inward activities could determine the success of outward internationalization. Welch and Loustarinen (1993) have also stressed upon the nature and significance of inward-outward connections in the internationalization process of firms, with particular emphasis on the contribution of inward activities to outward involvement in the early stages of internationalization. They have also observed that when a relationship exists between the product and service areas of a buyer and seller, there is a greater chance of the supplier assisting the clients' outwards internationalization. They have concluded that these inward-outward internationalization links are very broad, travel across operational modes, and may develop from inward-outward sides at different stages of the overall internationalization process.

Direct relationships are often contractual in nature or subject to centralized decision making, with examples being strategic alliances, co-operations deals and international sub-contracting. An indirect relationship, on the other hand is manifested as an importer of technology contributing to outward foreign licensing, which in turn leads to foreign contract and orders. In case of indirect relationships the inward-outward connections often develop through evolving processes such as generation of international contacts in another country. The literature on internationalization with focus on age at entry has generally talked about outward internationalization. This leads to a research gap as inward internationalization often leads to the pathway to outward internationalization, as depicted above. Further research should plug this research gap by taking into account both inward and outward internationalization at the age of first internationalization and co-relate it with its subsequent performance outcomes.

2.3 Antecedents of Early Internationalization

In this section, we discuss the factors affecting the early internationalization of new business ventures. There has been a lot of highly systematic research concerning early internationalizing firms through investigation of the current literature on INV's, global start-ups and born global firms (Rialp et al., 2005). Most of the studies in the domain are aimed at describing, understanding and interpreting the reasons behind the emergence of early internationalizing firms (Oviatt & McDougall, 1994; Knight & Cavusgil, 1996; Andersson & Wictor, 2003). A lot of research done in the past has focused on the differentiating characteristics and particular behaviour shown by internationalizing firms as well as the factors determining their international performance (Madsen et al., 2000; Bell et al., 2003; Oviatt & McDougall, 1995; Moen & Servais, 2002). Many studies in the domain have been very specific in defining explanatory framework and exploring links between new venture internationalization, further performance and subsequent international growth (Madsen & Servais, 1997; McNaughton, 2003; Autio & Sapienza, 2000; Zahra & George, 2002; Autio et al., 2000; Oviatt & McDougall, 1996).

Another major field of research in the international new ventures domain has been the relevance of knowledge and networks for international new development along with the role of entrepreneurs in the founding stages of early internationalizing firms (Anderson & Wictor, 2003). Some authors have also focused on the challenges faced by small business processes with the emergence of early internationalizing firms (Bell et al., 2003). McNaughton (2003) has focused on examining the drivers of the number of export markets in a firm's market portfolio. In spite of different studies done on the early internationalizing firms by various authors, a comprehensive theoretical clarity is still lacking in INVs arena (Oviatt & McDougall, 1999; Knight & Cavusgil, 1996; Moen & Servais, 2002). They all seem to agree that there is enough room yet for thorough clarity and detailed introspection on constituting elements such as speed of internationalization and its implications on the firm performance. We now dwell upon the specific factors acting as antecedents to early internationalization.

2.3.1 Knowledge Influences

Knowledge influences are critical as knowledge moderates the speed at which perceived opportunity is exploited internationally. Researchers such as Zahra et al. (2000) and Andersson (1993) have focused on the need of acquiring foreign market knowledge and utilizing organizational learning for entering international marketplace. Oviatt and McDougall (1994) also defined new venture internationalization theory's knowledge component as a unique resource and

a necessary element in the model of International New Ventures (INVs). There are some problems observed in the application of the multi-nation enterprise (MNE) theory to the international new ventures (INVs), such as the scale of the MNE and the changing international environment. It indicates that established theories are less applicable in an expanding number of situations where technology, specific industry environments, and firm capabilities are changing.

Young entrepreneurial firms are also able to create a competitive advantage by developing and upgrading their new market knowledge base through higher information acquisition and retention. Networks have special implications for the INV's as they allow INV's to develop relational ties and help in upgrading competitive capability and information provision through the stages of early internationalization. Developing effective and appropriate relational ties is a great way for young internationalizing firms from emerging economies to sustain high international growth rates from the very beginning. Hence, network capability upgrading has the ability to improve LAN related performance advantages through risk alleviation and resource mobilization, providing informational advantages and capturing upcoming opportunities. Autio et al. (2000) have defined knowledge intensity as the extent to which a firm depends upon the knowledge inherent in its activities and output as a source of competitive advantage. Knowledge intensity can also contribute to the international sales growth as firms focusing on knowledge creation and exploitation as a source of sustainable competitive advantage are quite likely to gain critical skills necessary for adaptation in a hostile foreign business environment. They also suggest that since knowledge, especially explicit knowledge is a mobile resource and can be combined with fixed assets (Mcdougall et al., 1994), it can be used to provide a flexible platform for international expansion. In effect, the knowledge intensity of a high technology firm was deemed positively related to its growth in international sales.

2.3.2 Network Influences

Coviello (2006) has focused sharply on the network dynamics of international new ventures. The author opines if the early mobilization of INV's is facilitated by network relationships then it is quite reasonable to assume that such ties actually emerge from the pre-internationalization phase. Most of the existing literatures of INV networks have focused on the foreign market entry process and activities post internationalization, although research shows that relational ties generated in the pre founding phase may help in laying the foundation of a new organization. Hence, there was a need to explore INV networks in the pre-founding phase as well and not just during internationalization and pre-internationalization phase in order to understand the dynamic

processes associated with the INV formation. The author was also intrigued by the lack of clarity in existing literature on how do INV networks change over time in terms of their characteristics and compositional ties.

Coviello (2006) felt a need for accommodating network theory in conceptualizations of internationalization and to appreciate new venture and early stage organizational process. Hence, there was a need to research on the network dynamics of INVs in terms of the structural and interactional patterns at various stages of evolution. The research findings indicated that although a small dense network is beneficial at the inception stages of an international new venture to generate resources from individuals and financial institutions, overall modifications in the network structure lead to an increase of the social capital of the INV. The findings also pointed towards propositions towards network structures that an increase in social capital of an INV can be caused by a decrease in network density and increase in network range, an increase in effective size of the network and decrease in factors constraining it, and an increase in the level of closeness amongst actors in the organization. The young INV's network was also found out to be path-dependent, intentionally dependent and experiencing low reputational effects at all three stages of early evolution, concept generation, commercialization and growth. Economic ties, rather than social ties, were found to have a dominant role in the young international new ventures during all three stages of early evolution. This puts grave stress on having a sound financial base and performance metrics in order to have more robust and dependable economic ties. Hence, the research focus of this thesis shall help in generating strong economic ties for INVs through pointers to factors leading to firm performance metrics.

One critical implication of Coviello's (2006) work has been the need of distinguishing between the activities of young INV's and those of firms which are more established. In a similar manner, Knight and Cavusgil's (2004) study has defined INVs as those firms which had internationalized within two years of their start-up. This definition needs to be broadened so as to bring a consistency to this definition and break it up into appropriate categories to have a microscopic view of the INVs theoretical understanding and linkages of firm-level variables with firm performance. This thesis seeks to fulfill this research gap and hence shall contribute to the existing INVs literature by widening the understanding of the functional perspectives of INVs through the study of moderating variables.

2.3.3 Capability Factor

Coviello and Cox (2006) have focused on the facilitation of resource development through

networks in the international new venture arena and how networks enable the INV to acquire and mobilize resources for early internationalization. They draw from the resource based view which implies that firm is a bundle of resources and different firms are endowed with resource heterogeneity. These bundles provide the background for a sustainable competitive advantage to the extent that they are valuable, rare, not easily substituted and inimitable (Wernerfelt, 1984). The key assumptions behind this resource based view are that such resources are well distributed within industries and are imperfectly mobile. They have also defined a network as a metaphor used to represent a set of connected actors. These actors may take the shape of customers, suppliers, service providers, etc. to form a set of relational ties. In INV literature, network ties usually point to relations between firms, individuals or between firms and individuals.

Rialp et al. (2005) have developed an exploratory resource-based model of early internationalizing firms. They have described the firm's tangible resources as structural capital consisting of technological, organizational and relational capital and human capital consisting of entrepreneur's characteristics, ties and roles. They have also defined a firm's international capabilities as a result of specialized knowledge management, core competencies exploitation, internationally oriented routines, and a lack of domestic path dependencies. Environmental factors have been classified as the type of sector, geographical context, local and international networks. They have classified the scope of international strategy as differentiation, focus on global niche markets, flexible entry mode choice and development of international networks. Sustainable competitive advantage abroad has been defined by them as higher international performance due largely to first mover advantage. They have concluded that much of the literature on early internationalizing firms has been largely exploratory, descriptive and focused on particular industries or international locations. This thesis research is a further step in the direction of improving and unifying heterogeneous operational definitions, such as the ambiguous and inconsistent firm age at entry variable and its definition in the INVs. This would lead to a more rigorous and insightful research design that will integrate various sub sets, improve sampling frames in the early life stages of an INV.

2.3.4 Entrepreneurial Behavior Influence

Entrepreneurial behavior, or, more specifically, entrepreneurial posture, can be defined as a strategic dimension on which all firms can be plotted. Entrepreneurial activity cannot be deemed absent or present in organizations, nor should it be thought of as an inherently unnatural or disruptive process in the functioning of organizations. According to Miller (1983), firms renew

themselves and their markets by pioneering, innovation, and risk taking and while doing so, create a conceptually appealing framework and implicitly acknowledge the fact that organizations often have within themselves the ability to. This was the foundation of the entrepreneurial orientation (EO), which was later defined as the propensity to act autonomously, an inclination to be aggressive toward competitors and proactive relative to marketplace opportunities and a willingness to innovate and take risks in order to gain an irrevocable competitive advantage (Covin & Slevin, 1991; Knight, 1997; Miller, 1983; Namen & Slevin, 1993; Wiklund, 1999; Zahra & Covin, 1995; Zahra, 1993).

Another managerial implication relates to the fact that entrepreneurial posture affects and, more significantly, is affected by multiple organizational system elements. Specifically, because of the numerous and complex interrelationships between entrepreneurial posture and other contextual variables, managers must not only manipulate the organizational reward structure in order to manage entrepreneurial posture and derive the benefits thereof, they must create, to the extent possible, an organizational context that supports and helps to sustain such a posture. This would require consideration of aspects of organizational structure, culture, and resources and competencies that can indirectly support or impede entrepreneurial firm-level behavior. A major differentiating factor is the inherent managerial capacity and the amount of international experience amongst the firm management. Oviatt and McDougall (1994) have showed that new ventures do not need to actually own their resources in order to internationalize their operations as they are defined by their actions and not by the types of resources they control. Hence, the actual ability of a successful international new venture lies in creating value beyond their resource abundant and already flourishing competitors. Keeping all the above factors in mind, the focus of INV's research is not the greatest on their resourcefulness but on where, when, and how INV's create value for shareholders by developing and employing their unique tangible and intangible assets such as foreign market knowledge and relational ties in foreign markets.

Zahra and George (2002) suggest that it is firms' entrepreneurial and unique activities that actually create the advantages associated with internationalization. Other papers also support the view that the actions of INV's based on their unique selling proposition are the major forces behind their competitive advantage (Oviatt & McDougall, 1995). All these approaches focus more on the unique and inherent entrepreneurial qualities of a firm and not on the age at internationalization. Hence, the role of age at internationalization remains an open direction of further research and this thesis aims to contribute towards theoretical and managerial clarity upon

this topic. Mathews & Zander (2007) have focused on the international entrepreneurial dynamics of accelerated internationalization by studying the initial stages of internationalization, prior to firms having established their definitive sources of advantage. They have tackled issues such as how the emergence of new types of multinational enterprises and their accelerated internationalization are linked to substantial changes in the international business environment, and the issues faced by new types of multi-national firms in their early stages of internationalization. They take an approach that views the firms' internationalization not through a rigid sequence of stages or as a result of comparative static advantages, but through pathways that reflect entrepreneurial observation and strategic action. Overall they develop a perspective that emphasizes how the pre-venture activities of entrepreneur affect internationalization paths, and perceive internationalization as integration. Hence, they conclude that internationalization is neither a push nor a pull strategy, but is a process of discovering, integrating and adapting new business ideas into the structures and networks into the global economy.

Jones & Coviello (2005) have thrown good light on the internationalization as an entrepreneurial process of behaviour in order to understand and predict the development of internationalization of firms. They were able to identify core concepts common to internationalization and entrepreneurship research and use these concepts as points of integration between the fields. They also developed integrative conceptual models relevant to the emerging field of international entrepreneurship to provide basis for empirical examination. They have defined internationalization as a process of innovation which entails entry into new country markets and conceptualized a model depicting the internationalization process as an organizational learning and the internationalization event as the outcome. It is a culmination of entrepreneurship as a proactive behaviour and as an outcome which creates value through processing and exploitation. It is similar to the process model described by McDougall & Oviatt's (2000) definition of international entrepreneurship. Jones & Coviello's (2005) model depicts risk seeking behaviour and creates value for the organization depending on the innovation processes and outcomes in terms of entry mode and the foreign market ventured. They have also shown that time is a key distinguishing element between studies focusing on international new ventures and SME internationalization. INVs can be characterized by the time taken to commence international activities and the speed with which they grow their international operations. They have measured the rate of internationalization as the speed of international development over time and have also categorized internationalization behaviour as the mode of transference, the place of transference and the time at which it occurs.

2.3.5 Influence of Age at Entry

The effects of age at entry on international growth have been well illustrated by Autio et al. (2000). They have examined in great detail the reasons behind the impact of an entrepreneurial firm's age at first foreign entry, how quickly it will gain foreign knowledge and continue favouring international expansion as a growth strategy. They also throw light on the cognitive, political, and relational impediments to learning that accumulate as an entrepreneurial firm gets older. Interestingly, they have also explained the impact an early internationalization can have on the solution set and product offerings of the firm.

It is important to discuss the different impediments that develop in firms over a period of time. The explanation for this is that the more time managers put into building a powerful domestic base, the more resistant they'll be to putting in efforts in foreign markets, and they are more likely to see a lot of negatives in that direction. Since they have already spent a lot of time and effort in building relations and reciprocal loyalties and obligations with the domestic partners, they are more likely to continue treating them as their top priorities. On the other hand, the earlier a firm decides to go international, it'll have less domestic political and regional allegiances and it is more likely to treat the foreign alliances at par with the domestic ones. Eriksson et al. (1997) have also observed that when a firm goes international in its formative period, it is less likely to view its foreign operations as risky or costly. Autio et al. (2000) also emphasizes that a younger firm generating international sales in its growth strategy is more likely to use it as a standard tool than other older firms. They also posit that young firms possess some learning advantages over old firms in terms of assimilating new foreign knowledge at the point of first international sales. This new foreign knowledge will lead to faster learning in new firms and shall in turn get translated into faster international growth. They finally conclude that the earlier firms venture into international competition, the more rapidly they grew their international operations. Hence, young firms are capable of taking small, incremental steps more rapidly than older firms, which improves their ability to adapt and to innovate in new and dynamic environments. Overall, firms taking bold steps, such as internationalizing at an early age, may both increase the survival risk of a new firm and its prospects for significant payoffs. This gives credence to the premise that speed of internationalization has a positive and direct impact on the firm performance outcomes in international new ventures.

2.3.6 Other Drivers of Early Internationalization

Zucchella et al. (2007) have discussed the drivers of early internationalization of the firm such as

time factor in firm internationalization, which might refer to the early start of international activities, the speed of international growth, or its pace and rhythm. They primarily focus at understanding which variables determine an early international orientation. Their paper focuses on early international firms which have become international through export or any other entry mode, in their first three years of life. They basically aim at proposing an analysis of the drivers' precocity in internationalization but not of the modes, activities or scope of early internationalizing firms. Their research work builds on the existing literature of early internationalizing firms in order to propose a theoretical framework of the causes leading to the early internationalization of the firms and groups such drivers into four main categories of entrepreneur, business, network, and location specific factors. They have taken into consideration the first dimension of temporal orientation, viz. precocity in order to explore the key determinants of early international orientation.

The entrepreneurial specific drivers include international work experience, network specific drivers include formal agreement and social relationships, while business specific and location specific drivers include focalization of strategy and clusters and districts respectively. The results found out that there is a positive relationship between age of the firm and precocity in internationalizing which implies that younger firms are more likely to start foreign operations in their first three years of life. The driving forces behind this result lay in changing environmental context, such as market's globalization, progresses in information technology, transportation, etc. Hence, they conclude that the early internationalization of the firm is pushed by business-specific factors, such as being positioned in a global niche, and is supported and made sustainable by specific previous experience of the founders.

2.4 Performance Implications of Early Internationalization

2.4.1 Learning Advantage of Newness (LAN)

The current studies in the International Entrepreneurship (IE) literature has drawn attention towards the possible advantages international new ventures (INVs) can garner in comparison to the established competitors regarding the potential markets and competitors (Oviatt & McDougall, 1994). This sphere of exclusive opportunities attained by the INVs by the virtue of their founding principles was extended by Autio et al., (2000) who proposed that there are inherent 'Learning Advantages of Newness' (LAN) associated with the fast growth patterns of international new ventures. The theoretical background of the existence of 'LAN' phenomenon stems from the fact that INVs do not suffer from the inertial forces which plague older and

established firms which follow the traditional path of gradual internationalization. There are numerous driving influences which help the INVs develop the learning advantage of newness and then utilize them to their advantage. The major driving influence is that INVs are robust in transmission of information such as new opportunities in foreign markets, new processes, and innovative products to offer, new ways of organizing operations and experience gained about competition. The second driving influence is the ability of INVs to assimilate this knowledge quickly to process it in their operations. Since the owners and founders are usually same or are in perfect synchronization, it does not take them quite long to learn and accept new streams of technological and other learning. On the other hand, older and established firms need to go through hierarchical processes and routines to accept new learning and thus suffer from acute inertia, which prevents them from moving quickly to gain the opportunity.

Sapienza et al. (2006) have also specified the firm's intrinsic framework anatomy which helps the international new ventures to actualize the benefits of LAN. Some prominent features figured out by them include cognitive advantages such as ability to learn faster because of not being restricted to a particular knowledge base and mind-set, and flexibility emerging out of not so concrete relationships with domestic partners. Young entrepreneurial firms also need to develop proactively good relational ties with foreign partners or buyers to mitigate liability of newness in order to create a competitive advantage (Zahra, 2005). Since managerial ties are network based and require a certain amount of time to develop, it is important that firms try to develop them before entering foreign markets.

Zhou et al. (2010) have explained in great detail how young international new ventures acquire learning advantages and avoid the liabilities of newness and foreignness in order to achieve 'Learning Advantages of Newness' (LAN) related performance advantages from early internationalization. Their study filled a research gap in the INV literature from emerging economies and showed a pathway to young international new ventures firms how to achieve future growth opportunities by leveraging the entrepreneurial dynamics of learning in early internationalization. They have defined INV's as independently operating small and medium sized firms with export sales that represent atleast 20% of the total sales within three years of formation. This quantitative definition is insync with other definition laid by Knight and Cavusgil (2004) and Phan and Fan (2007). They identified two related capability upgrading constructs defined as Knowledge Capability Upgrading and Network Capability Upgrading, which acted as mediating factors linking entrepreneurial proclivity and LAN related performance. The internationally oriented SME's suffer from liabilities of newness and smallness and thus can use

home based social networks as a way to counter act them and obtain information resources to develop key relational ties. Zhou et al. (2010) found supporting evidence in their study for the mediating effects of capability upgrading, particularly among large new ventures and those operating with cost/price advantages in the international market place. Their research work provides encouragement for entrepreneurs to figure out that the success of early learning advantages is dependent upon promotion of a dynamic international learning environment and the ability to work proactively in unison towards capturing markets in the international arena. Hence, their framework reinforces the fact that entrepreneurial behaviour can utilize its full potential for LAN advantages through upgrading the firms' network and market knowledge capabilities.

Zhou (2007) have explained entrepreneurial proclivity as a trait which entails the dynamics of learning directed at upgrading appropriate resources and capabilities in order to give rise to learning advantages of a new venture for achieving performance implications of LAN. They have pointed out that young INV's are better able to rapidly configure resources to upgrade the knowledge and network capabilities through proactive, risk taking and innovative behavioural patterns to give rise to LAN related performance. They suggest that international entrepreneurial proclivity positively enhances knowledge capability upgrading among INV's which in turn leads to performance advantage of newness in early internationalization. They also advocate that INV's have a distinct vision towards taking risk and contemplating risk taking opportunities as they can carefully balance risk against opportunities while deciding possible avenues for international expansion.

2.4.2 Performance Outcomes of Different Expansion Strategies

In this section, we discuss performance outcomes as a result of different expansion strategies followed by INVs. Zhou et al. (2010) have stressed upon how entrepreneurial firms can capitalize upon resources that relate to distinctive capabilities to achieve superior international performance. Combining the resource based view with the capability building perspective to examine the firms specific capabilities that transforms the resources of institutional capital and managerial ties into successful internationalization, they manage to explain the above stated research gap. They have conceptualized the firm capabilities into information acquisition capability and adaptive capability. Information acquisition capability can be described as information about foreign market conditions, customer needs, and regulatory requirements, such as tariffs, required for making strategic decisions about international operations. Adaptive capability is defined as the characteristic of an entrepreneurial firm in adapting to a rapidly changing environment. As

compared to large multi-national corporations, entrepreneurial firms need to have the capability of adapting quickly in order to survive in the foreign markets. Since entrepreneurial firms do not have a lot of resources unlike large firms, they cater to the specific needs of an international clientele.

Both of these capabilities are developed over time and hence it is important to go international at the right time to obtain optimum firm performance. This thesis addresses this research gap by pointing to the right linkages between the speed of internationalization through a firm's age at foremost entry into foreign markets and firm performance, so that above discussed capabilities are maximized. They have also stressed that entrepreneurial firms for the most part rely on external resources such as government programs and other funding. It is imperative that the capabilities of entrepreneurial firms are utilized in the best manner possible. Their study also endorses the notion of Sirmon et al. (2007) that entrepreneurs are largely opportunity driven and build capabilities in response to the arising opportunities. However, these opportunities need resources in place and then need to be acted upon by the available capabilities to turn them into tangible results. Managerial ties represent a unique type of resource as they comprise of social relations and networks between individual managers and build the firm's reputation and trust from partner organizations (Peng & Luo, 2000). As described by Zahra (2005), entrepreneurial firms need to proactively develop good relational ties with foreign partners or buyers to mitigate liability of newness in order to create a competitive advantage. Since managerial ties are network based and require a certain amount of time to develop. It is important that firms develop them or try to develop them before entering foreign markets. Hence, this thesis shall also help in researching the speed of internationalization through the development of optimum network connections.

Sapienza et al. (2006) have diffused the conflicting arguments about the wisdom of delaying internationalization process of a firm. The process theory of internationalization of a firm considers international entry as an incremental process that begins relatively late in a firm's life cycle and warns of potentially negative consequences of early internationalization on a firm's survival prospects. Opposing this view, recent researchers (Oviatt & McDougall, 1994; Zahra et al., 2000) have portrayed early internationalization as a catalyst for growth. Sapienza et al. (2006) present a framework for the impact of internationalization on the survival and growth rates of firms. They argue that earlier a firm internationalizes, the higher will be its dynamic capability for exploiting opportunities in foreign markets. The reason behind this is that early exposure to internationalization creates higher adaptability to uncertain environments and the power to adapt

in case of continual change. They have proposed that lower age at initiation of international entry process decreases the probability of a firm's survival and growth. There are multiple reasons behind their above preposition. One major reason is since the initiation of the internationalization process requires a firm to alter many of its core activities and to generate new capabilities and structures; furthermore, the high cost of these developments decreases the probability of their survival. In addition to this, younger firms face the dual task of developing key social relationships in its home markets and concurrently develop such capabilities in the foreign market. An older firm on the other hand is able to absorb the shock of sudden downturns or business losses by leveraging its brand-equity, sales and distribution channels, social capital and customer loyalty.

They have also effectively captured the moderation impact of organizational age on the probability of the firm's growth by showing that the younger firm at the initiation of the internationalization process is, the greater is the positive effect on the firm's growth rate. The reasoning behind this observation is that firms gather inertial constraints with age that act as disincentives to change business processes and routines for pursuing growth opportunities in the foreign markets. These disincentives appear due to habitual dependencies on the existing relational commitments and network ties leading to stagnation of openness for embracing new technologies and distribution or sourcing channels in foreign markets. They have brought out an important observation that entrepreneurs aiming to create a venture that provides a long-term self-employment, early internationalization might be a risky choice. Hence, this thesis provides good directions to entrepreneurs mentioned above about when to take their firms international to avoid firm's lower survival chances and to attain higher performance indices. The thesis also builds upon and extends their viewpoint that age at internationalization is related to a firm's growth rate in international market place.

2.4.3 Performance Implications of Firm Dynamics

Knight (2000) has focused upon the inter-relationships of entrepreneurial orientation, marketing strategy, tactics and firm performance among SME's affected by globalization. The author posits that in order to develop quality leadership and an entrepreneurial orientation, product/process innovativeness is highly warranted. In order to gain a positive corporate performance, firms need to be sensitive towards global markets and need to modify marketing and other strategies as needed. They also defined internationalization preparation as international market research, the commitment of appropriate resources to enter foreign markets and the adaptation of product and

marketing dimensions. Firm performance was found positively associated with internationalization preparation, as described above by Knight (2000). They also conclude that SME's following the globalization and internationalization path put great emphasis on acquiring technology in response to entering foreign markets, and on preparing in advance before entering foreign markets. These tactics were found to be really important by managers in dealing with the forces or challenges of globalization. Jones & Coviello (2005) have also described the firm performance measures as financial and non-financial measures.

The financial measures entail growth and profitability (Bloodgood et al., 1996; Zahra et al., 2000) while non- financial measures include learning, experiential knowledge creation (Autio et al., 2000). This thesis addresses all these financial and non-financial performance measures while gauging the impact of the speed of internationalization through age at first internationalization over firm performance matrix. They have put together the fingerprints of internationalization behaviour as inclusive of functional diversity and country diversity (geographic, economic, and cultural distance) as a relation to time. They finally established internationalization as a firm level entrepreneurial behaviour manifested by events and outcomes in relation to time and that entrepreneurial internationalization is linked, directly and cyclically, to various aspects of firm performance. This preposition further corroborates this proposed thesis' premise that firm performance can be altered by modifying firm specific moderating variables such as scope and degree of internationalization.

Autio et al. (2000) have developed knowledge and learning based framework in order to examine the effects of the age of a firm at its first international sales, its knowledge intensity, and the imitability of its core technology on its subsequent international growth. They premised that knowledge about international markets and operations as well as the efficiency, at which such knowledge is learned, are important determinants of international sales growth for entrepreneurial firms. In essence, knowledge regeneration is important to firm growth. They postulate that the timeline of a firm going international impacts how quickly it will learn in the international market and how great an impact the learned knowledge will create on its subsequent international growth. They have also explained why an entrepreneurial firm age at first foreign entry impacts how quickly it will gain new foreign knowledge, and how likely it will be to continue pursuing international expansion as a growth strategy. They have pointed to a cognitive, political, and relational impediments to learning that accumulate as an entrepreneurial firm gets older, as well as the impact of early internationalization on the solution set of the firm. Similar to cognitive impediments, learning, political, and relational barriers to new foreign knowledge develop over

time in firms. This is based on the behavioural patterns of the managers. The more of time managers harness into developing a domestic power base, the more resistant they will be to shifting that power base towards new and uncertain future in foreign markets, and they will be seeing more negatives than positives in such a move.

In contrast, the earlier a firm goes international, the lesser established will be its power base in the domestic market. In this scenario, the firms' political and regional allegiances will be not that strong that they will hamper the creation of important foreign network and allegiances. Hence, when an entrepreneurial firm decides to internationalize during its formative period, there are more chances of its embracing an international identity than an older firm because of its positive attitude towards international markets (Eriksson et al., 1997). They also explain that when a newer firm first generates international sales in its pursuit of growth, there is a good chance that such behaviour will become a standard tool in its solution set than for an older firm. Culturally speaking, it is easier for a firm to develop and retain an international identity when it is still young in the ranks as compared to domestic firms with a more stringent and inflexible culture. Hence, they posit that the age of a high technology firm at international entry is negatively correlated to its subsequent growth in international sales.

Yamakawa et al. (2008) has focused on internationalization of firms based in emerging economies such as the BRIC countries. They have dwelled upon not only exporting, but also foreign direct investment in developing economies by incorporating industry based, resource based and institution based perspectives in strategy to develop a comprehensive framework on firms internationalizing from emerging economies to developed economies. They believe that embedding entrepreneurial orientation research in this context will provide a good understanding of the internationalization behavior from emerging economies to developing economies and shall also advance entrepreneurial orientation research in the emerging economies context. This is in sync with the dimensions of entrepreneurship concepts detailed by previous studies (Zahra et al., 2000; Jones & Coviello, 2005) and hence reinforcing the linkages between entrepreneurial orientation and exploration of foreign shores by new ventures. They have also extrapolated that international new ventures will most likely experience a greater liability of newness and foreignness as compared to the multi-national enterprises, and that they may need more time than the MNE's to reap the real benefits of internationalization in firm growth and higher performance metrics. They have also called for the extension of the longitudinal examination of the new international ventures through sustained empirical and theoretical studies by research scholars to further consolidate this field.

Zahra et al. (2000) examined the effects of international expansion by international new ventures on a firm's financial performance through measuring the impact of international diversity and mode of market entry on a firm's technological learning and its subsequent implications. They realized that there have been a lot of gaps in the research of the international activities of new venture firms. Hence, they tracked the missing avenues with regards to new ventures technological learning through international expansion and the subsequent impact on a firm's financial performance. The motive behind exploring this domain was that as new ventures gain knowledge through diversifying into international markets, there has not been a lot of information about the amount of technological learning gained by them. In a similar vein, the effect of the modes of entry into international markets on the firm's technological learning was not explored in a systematic manner. To find out more about the above mentioned research gaps, they presented a conceptual model which integrated international expansion through international diversity and mode of entry with technological learning and new venture performance. The international expansion was broken down into international diversity with attributes such as with number of countries catered to technological diversity, cultural diversity, geographic diversity and foreign markets segments. Similarly, international mode of entry was depicted through attributes such as start-ups, acquisitions, licensing agreements and export transactions. Technological learning was measured in breadth, depth and speed dimension while new venture performance was tracked through return on equity (ROE) and sales growth.

2.4.4 Implication of Venture Age at First International Entry

In this section, we explore the variable, venture age at first international entry, in greater detail and its possible linkages with firm performance, as illustrated by McNaughton (2003). They have also reinforced that the time lag between inception and foreign market entry is insignificant and that this effect shows that firms are able to overcome any strategic inertia that may be inherited from domestic routines. This outcome is in conflict with the notion of learning advantage of newness which states that older and established firms are unable to disperse the inertia caused by older domestic routines and procedures. Hence, this contradiction calls for a deeper and more thorough investigation of the age of an entrepreneurial firm at its first internationalization to understand the impact on firm performance measures in order to throw more light on the contrasting views as depicted above.

Moen and Servais (2000) have done research on how a firm's first year of exporting, year of establishment, and time period between establishment and export activity commencement are

related to the firm's export intensity, distribution patterns, number of export markets, management's international orientation, and export market selection. They posit that if there is no difference in their manifestations described implicitly above between the time related factors such as a firm's year of establishment or first year of exporting, then there might be a need to develop alternate theories to explain the export behaviour of firms. In conclusion, they found no relationship between the firm's year of foundation and export intensity, global orientation, distribution, geographic market distance, or the number of markets served. Another important result of their study was that firms which begin exporting within two years of establishment had a significantly higher export share than did the other firms in all three nations surveyed. Also, these firms had a higher degree of export activity in the more geographically and psychologically distant markets and exported to a greater number of markets. In essence, these results indicate that a firm's export behaviour is influenced by the period of time between establishment and the commencement of exporting. Hence, this time phase is more important than the firm's year of establishment or first year of exporting.

Overall, there is a great need to focus upon this all important time phase and establish its involvement in framing the actual performance of INVs. This thesis studies this crucial time phase, known as speed of internationalization, and looks at possible mediating influences which may enhance its relationship with firm performance. Johnson (2004) had dwelled upon why small high technology start-ups (a particular type of INV) are increasingly international in nature at or near inception. In order to understand this phenomenon, they have focused on the factors influencing the early internationalization of small high technology start-ups in the US and UK. Johnson's (2004) study is an extension of previous research that small high technology firms were driven to internationalize early in their existence due to shortened product life cycles and accelerated pace of worldwide technological innovation, which along with high costs of resource and developments encourages new ventures to look for an international entrepreneurial orientation to achieve the desired financial goals of a firm. In addition, intense domestic competition and extensive internationalization of the high technology industries initiated rapid internationalization.

Yiu et al. (2007) have focused on international venturing, requiring a firm to engage in activities for new business creation in a foreign country rather than just distributing a product in another nation. They have shown empirically that the relationship between firm specific ownership advantages such as technological capabilities, management capabilities, business and institutional network ties is moderated by entrepreneurship attributes such as innovation, venturing and

strategic renewal. They also posit that the established connectivity and integration with the foreign markets via exports shall strengthen the positive relationship between ownership advantages and international venturing activities. They have also introduced new parameters that firms need to develop when they decide to pursue outward foreign direct investment in shape of specific ownership advantages and strategic actions. Hence, such firms need to have a good understanding of the right timing of inception of foreign market entry, and the related changes in firm performance metrics. Therefore, this thesis shall contribute specifically by adding to the strategic insights required by firms of the emerging economies like India and China while pursuing outward foreign direct investment by providing linkages between speed of internationalization and firm performance.

2.4.5 Other Performance Implications of Early Internationalization

Many studies have attempted to extend the previous linkages of firm performance (Oviatt & McDougall, 1996; Bloodgood et al., 1996) into direct linkages between international expansion and performance. They concluded with results that technological learning, mode of entry and international diversity are positively related with new venture performance and sales growth. This was a great step forward in linking firm performance with variables implicitly related to the internationalization process of the INVs. However, one can still see a lack of linkages between firm performance as explained by Zahra et al. (2000) and intrinsic firm level attributes such as firm size, firm age, and nature of market explored to arrive at a more comprehensive outlook for the international entrepreneurship field. This thesis explores the research implications laid out by Zahra et al. (2006) to build more robust and dynamic literature for this exciting and emerging field of international new ventures (INVs).

Zhou et al. (2007) have addressed the lack of theoretical developments in the performance implications of rapid internationalization in the emerging field of international entrepreneurship as raised by Autio et al. (2000) and Zahra (2005). They were able to tackle a challenging and contemporary issue of internationalization and firm performance relationship in the extant literature, shedding light on the ignored and indirect mediated effects of internationalization influence on performance. To provide a clear understanding on the above points, they offer home based social networks as a mediating factor linking internationalization orientation to firm performance. Social networks can be broadly defined as a series of personal connections and relationships for the purpose of securing favours for personal or organizational gains. Home base social networks are considered crucial factors in mediating the performance impact of

internationalization both outward and inward as social networks can develop the capability of international new ventures in terms of speed and flexibility of responding to the challenges of global markets (Oviatt & McDougall, 2005). This mediating effect ensures that a firm's excellent international performance can be raised by a firm's international orientation because of a network based mechanism. They have carved out a special 'guanxi' type social network from China where guanxi is a cultural characteristic and its utilization in business dealings is a strategic response for the lack of a formal institutional support. Social networks like guanxi play a significant mediating role for explaining the route for converting international orientation into firm performance measures like export growth, profitability growth, and sales growth.

The authors have drawn out three key information benefits in order to explain the mediating mechanism of home based social networks, namely knowledge of foreign market opportunities, referral trust and solidarity by third party and advice and experiential learning. The internationally oriented SME's suffer from liabilities of newness and smallness and thus can use home based social networks as a way to counteract them and obtain information resources to develop key relational ties. The performance impact of social networks can be observed on gains in market share and return on assets through strong interpersonal ties with the senior management and other key personnel of partner firms. The social networks also impact the outflow pattern of resources and the way a firm relates with its external environment, and thus improve market share and the competitive position of the firm which leads to better performance outcomes like sales growth and net profits. After establishing the superior benefits and high strategic value of relationship networks, the authors postulate that internationally oriented SME's can utilize guanxi related social networks for saving information search cost, lowering risks and uncertainties in foreign markets and reducing transaction costs. Hence, these results showcase that higher degrees of outward and inward internationalization normally result in higher business performance as guanxi networks play a critical role in mediating performance impact of internationalization. It would be interesting to see the growth of networks over a time-line and then their relative impact on the discussed firm performance measures.

Knight and Cavusgill (2004), highlight the critical role of innovative culture, as well as knowledge and capabilities, in the perspective of INVs. They have focused on the capabilities that INVs leverage for achieving superior performance in the global markets arena. They posit that the external international business environments, early adoption of internationalization are driven by two key trends that have considerably reduced the associated transaction cost of foreign market expansion. The first trend is the globalization of the markets, which involves firms in

international sourcing, production, marketing, and international alliances for product development and distribution. The second trend is the technological advances in information and communication technologies, production methods, transportation, and international logistics, all of which reduce costs for business transactions and facilitate future growth in international markets. They have also defined performance in international market as the extent to which financial and other goals are achieved as a function of business strategies. Performance may comprise of intangible outcomes such as enhanced reputation, brand equity and conventional measures such as profitability, sales growth, market share and overall international success. They show that each firm's unique base of resource derived capabilities drives its international performance.

However, this unique set of resource based capabilities might have a different level during the initial phases of a new venture, shortly after its conceptualization. Hence, there is an implicit need to probe the different performance levels at different points after a firm's internationalization. Their results show that the strongly innovative nature of INVs helps such firms in developing an enhanced and unique pool of knowledge, which generates organizational capabilities that support early internationalization and superior performance in diverse international markets. Hence, the lack of experience, as well as scarcity of financial and other resources are no longer any impediments to the large scale internationalization and global success of a firm. The management at INVs has a global vision, and can devise capabilities at both strategic and organizational levels of a firm that gives rise to swift internationalization and reward them with success in multiple foreign markets.

Bloodgood et al. (1996) focused on firm performance in-terms of the effects of internationalization on sales growth and profitability for the two years following the IPO. They examined the preliminary conditions affecting the degree of internationalization at IPO by using a resource based framework and also examined the joint impact of these preliminary conditions and the degree of internationalization on subsequent performance. They have taken the sample size of international new ventures as firms that are less than 5 years old. This is inconsistent with the general definition of international new ventures as six years or younger. Thus, there is a need to bring consistency to the definition of international new ventures. They have also stressed upon the need for internationalizing entrepreneurs to evaluate not only their industries requirements, but also their firm's strategic and structural characteristics. They have deemed the monopolistic advantage theory and stage theory of internationalization as most useful to a theory for INV's.

3. Theoretical Framework

In this section, we first discuss the speed of internationalization and firm performance relationship followed by the theoretical natures of the three moderating factors, namely scope of internationalization, entrepreneurial orientation and degree of internationalization.

3.1 Speed of Internationalization and Performance Outcomes

In this section, we discuss the numerous definitions of the speed of internationalization and its subsequent impacts on the performance outcomes of the INVs. Naude and Rossouw (2010) have depicted that the determinants of the extent and speed of internationalization can be categorized into four factors as following:

- Enabling factors such as technological intensiveness, information and communication technologies and transport;
- Motivating factors such as domestic competition, domestic regulation, and institutional features;
- Mediating factors such as entrepreneur's characteristics, perceptions, entrepreneurial orientation, background, and experience ;
- Moderating factors such as knowledge, networks and learning.

The authors have defined the early internationalizing firm as the firm that entered the export markets within 3 years after start-up. The authors in their paper have focused on the neglected topic of INV's in China and found out that 32% of these Chinese firms began exporting within the first 3 years of their start-up which contributed positively to the country's economic development. Hence, they draw attention to the need of identifying the driving forces to internationalization for both young and not so young Chinese firms. The research paper also found support for the hypothesis that enabling, motivating, mediating and moderating factors matter for both the decisions to internationalize and the extent of internationalization.

Zang et al. (2010) have observed that as young firms venture into foreign markets, they have to face uncertainties and risks which lead to a process of learning and adaptation. The paths chosen for internationalization are important for them to be successful in the process. Hence, it is critical that they choose to go international at a time when there is maximum flexibility and inclination inside the firm to withstand the difficulties in the process of exploring foreign markets. They have focused specifically on the Chinese manufacturing firms. They found out that traditional product

exports dominate the Chinese firms' internationalization efforts, which reveal that the Chinese firms prefer the traditional internationalization paths. Many factors could attribute to this phenomenon such as the uncertain international market environment in the scenario of mergers and acquisitions and limited resources (human and others) to carry out the complete course of internationalization. Henceforth, this thesis would give more clarity to such firms as in what would be the right time to go international with the limited amount of resources and capabilities at hand. This would also help the firms which are weak in technology innovation in promoting innovative capability and developing new technologies, which are a by-product of venturing into international markets. The authors have also developed an integrative model of small firm internationalization which characterizes external and internal environment factors for the decision to internationalize. The variable, firm age, contributes to the internal environment and thus impacts the internationalization orientation of a firm. Further clarity on this variable would help the INVs to strategize their long-term company objectives through synchronizing the timing and the entry route of penetrating the foreign markets. They have also provided a basis for the development prescriptive models that will contribute to managerial decision making and address issues relating to international operations, which have a major bearing on the overall firm performance.

Bell (1995) has found out that the process of going international for INVs has been majorly influenced by the targeting of niche markets and industry specifics, rather than going systematically from exporting to other market modes. They have also noticed that INVs don't set out to establish themselves domestically before initiating foreign sales and hence have an alternative approach to speed of internationalization as compared to long established organizations. According to Rennie (1993), the speed of internationalization of INVs is also governed by quality and value created through innovation technology and product design. Hence, the speed of internationalization for INVs is primarily driven by the need of coming up for innovative and cutting-edge products to gain a substantial competitive advantage. All the intrinsic factors which define the speed of internationalization of INVs have initiated a renewed interest in the firm performance implications of rapid internationalization of INVs. Autio et al. (2000) and Zahra et al. (2005) have addressed the impacts of variables such as international diversity, technological learning, age at entry, knowledge intensity, and imitability on international growth and performance. For instance, Zahra et al. (2000) describes in great detail the effects of technological learning on new venture performance. They reinforce the notion that technological learning can provide a major foundation for the organizational routines completing core

competencies (Lei, Hitt, & Bettis, 1996; Teece, Pisano, & Shuen, 1997) and hence leading to higher new venture performance. Such implications stem from the ability to leverage the knowledge gained from foreign operations (McDougall, Shane & Oviatt, 1994), designing new products and upgrading existing ones (Afuah, 1998; Zahra, 1996) and by compressing product development cycle, which enables the firm to gain the benefits associated with first mover advantage (Dodgson, 1993).

We now set the foundation of how a higher speed of internationalization can lead to higher firm performance outcomes. Autio et al. (2005) have employed knowledge-based theory to associate earlier initiation of internationalization and greater knowledge intensity with faster international growth. The impact of speed of internationalization on the firm performance outcomes can be well illustrated by a quote from a recent study of engineering firms in Finland: “We started our internationalization fairly late...It turned out to be quite different from the domestic market...So we have decided to retain the home market as our first priority” (Ahokangas, 1998). This amounts to cognitive impediments to learning, political and relational barriers to new foreign knowledge in long established firms going international quite late after their establishment. As a result of all the above factors, older firms are not able to capture the opportunities offered by lucrative foreign markets due to a low speed of internationalization in the initial years after the conception. This can be effectively translated to the premise that a low speed of internationalization leads to lower firm performance outcomes. The premise is well vindicated by a quote from an early internationalizing firm in Ahokangas’s (1998) study of Finnish engineering firms: “It has been our philosophy from the beginning to treat Europe as our home market.” The quote reflects the open mindset of an early internationalizing firm to capture as much of potential market as possible and hence garner higher firm performance measures. This again adds to the premise that a higher speed of internationalization generates higher firm performance outcomes and embodies the entire speed of internationalization and firm performance relationship in INVs. However, there have been negative results for the same as well, and hence we need to put in moderating variables and see the impact on the relationship.

One more factor which embodies the firm performance measures of an early internationalizing firm is the perception of international risk factor. Auden et al. (2006) have defined the international risk factor can be defined as a single factor which measures the combined distance between three specific types of international risks: foreign location risk, international revenue exposure risk, and mode of entry risk. They posit that firms having a top management team, which scores better with respect to their international risk management factor, show a better firm

performance. This observation strengthens the premise that early internationalizing firms, having a top management team with naturally higher risk appetite towards uncertain and culturally dissimilar foreign markets, have better results to show in terms of firm performance. The last major relationship which reinforces the internationalization and firm performance relationship is the effect of the inter-linkages of internationalization and performance of INVs with the aid of mediating effects of social networks (Zhou et al., 2007). Their results imply that social networks can function as an efficient means of helping internationally oriented SMEs move foreign markets rapidly and profitably. Although they have focused on the overall internationalization effect, such linkages still assimilate the inter dependence of speed of internationalization and firm performance outcomes in a cohesive manner and articulate the importance of mediating or moderating variables in deciphering this inter dependence.

The following sections will explore the role of moderating variables in bringing more clarity to the speed of internationalization and firm performance relationship as existing studies have focused largely on the direct influence of speed of internationalization factors on firm performance outcomes, thereby ignoring the moderating effects. Therefore, we seek to highlight the speed of internationalization's impact issue by studying the underlying mechanism of the potential drivers of firm performance metrics with the aid of moderating variables in the following sections. On the basis of above theoretical descriptions and moderating arguments, we formulate the following hypothesis:

Hypothesis 1:

Speed of Internationalization has a direct and positive effect on the firm performance of an INV.

3.2 Moderating Effects

3.2.1 Scope of Internationalization

Theoretical Nature

We begin by first describing the scope of internationalization in its different manifestations. The existing literature suggests that scope of internationalization can be described as the type of foreign market served by the early internationalizing INVs. It can be further classified into

culturally-similar, geographically-similar and global markets as per the orientation of the target market.

We begin by analyzing the cultural aspects of the scope of internationalization as mentioned above. It is worth noting that internationalizing firms typically start their foreign ventures in countries that are culturally similar to the domestic market a firm operates in (Erramilli & Rao, 1993). Interestingly, the scope of internationalization of INVs firms is not solely determined by the culture, customs, and environment and similar factors of the target international market (Zeng et al., 2010). For instance, Chinese firms are found to favour European, North American and Japanese markets as destinations for international expansion rather than Hong Kong, Taiwan and Macao (Zeng et al., 2010). This is quite surprising as Hong Kong, Taiwan and Macao are in fact culturally-similar markets for new venture Chinese firms and European, Japanese and North American markets are considered remote in mental and physical distance. This contrasting phenomenon is explained by the fact that new venture Chinese firms' preference for European, Japanese and North American markets might be due to mental adoration for developed markets. The above illustration reinforces that scope of internationalization is regarded as a fundamental construct for INVs in terms of their future international expansion prospects and it is a must there should be a strategic fit between scope of internationalization and speed of internationalization in order to capitalize the desired advantages of firm growth and traction.

We now dwell upon the geographical aspect of the scope of internationalization variable used in our study. Scope of internationalization represented through the geographical location of the activities of the INVs is determined by the past experience of founders and partners as well as the economic capabilities or the customer-related factors, either directly or through interaction (Moen & Servais, 1997). This structural theory that INVs do not choose geographical markets to expand according to the physical or psychic distance is quite contradictory to the traditional internationalization patterns of the established firms. Henceforth, it seems reasonable that the scope of internationalization is guided by lead customers' co-ordinates, contacts already established by the founder, and relationships with foreign partners. This ideology can be further refined to the fact that INVs, which are high-tech in nature may direct their operations to markets where they can gain access to cutting-edge and leading technologies, while INVs which are service oriented may be inclined foreign markets based on the location of the operations of their foreign clients. Further resonance can be found in intricacies such as number of markets served by the INVs as the INVs originating from small domestic markets, and those operating in highly

internationalized and knowledge-intensive industries address a vast arena of markets and hence garner mammoth volumes and imperative firm performance metrics (McNaughton, 2003).

Finally, we look at the implications of the resource constraints an INV firm possesses by the virtue of its ideology of expanding fast with the limited resources available. Commercializing in lead markets first is an efficient means of overcoming the resource constraints for INVs, irrespective of the geographic location of such markets (Jolly et al., 1992). The rational approach behind this phenomenon is that unlike large and established firms, INVs cannot pursue a multi-domestic approach as a result of the dearth of sufficient and the requisite scale in operations worldwide. Since this is a determining factor in the choice of the initial market/markets to be addressed by a firm, the relevance of psychic distance as the target market selection criterion is almost eliminated. As an off-shoot of the resources limitation of INVs, sales, marketing and distribution aspects of such firms are often actualized through specialized networks in which partners complement them with their core competencies.

Moderating Effects of Scope of Internationalization

In this section, we develop our proposition that scope of internationalization play a significant role in moderating the speed of internationalization impact for INVs to achieve higher performance metrics. We reiterate that the scope of internationalization helps INVs firms to cope up with their lack of resources in the initial stages of internationalization due to the factors of learning advantage of newness and smallness and thus improve the overall scope of internationalization's influence on firm performance relationship in the process. We now discuss the emerging factors which lead scope of internationalization moderate the relationship between scope of internationalization and firm performance in international new ventures.

The first consideration in the premise is that INVs have few resources at hand as compared to established firms for carrying out activities like distribution in the supply-chain network mechanism (McDougall et al., 1994). We content that the benefits achieved through the scope of internationalization can help overcome the resource limitations of the INVs constraining the international expansion of the INVs. Aforementioned positive influences of speed of internationalization reinforce that just early internationalization per se is not a sufficient and necessary condition for superlative performance of the INVs (Zahra, 2005; Zahra et al., 2000). As a result, INVs need to achieve optimum utilization of the limited resources and capabilities by concentrating on the broadening of the scope of internationalization. Hence, scope of internationalization positively moderates the impact of speed of internationalization on firm

performance through broadening of the scope of internationalization, which can be illustrated as differentiation; focus on global niche markets, flexible entry mode choices and development of international networks by young international ventures aspiring to attain the performance outcomes of rapid internationalization (Rialp et al., 2005).

The second influencing factor amplifying the impact of speed of internationalization on firm performance is that for firms enabling a cognitive perspective, performance can be measured in terms of financial returns through tangible as well as non-tangible attributes in order to complete the entire gamut of performance benefits a firm could incur. Tangible attributes can be measured through growth in metrics such as sales, ROE, and non-tangible attributes can be gauged through measures such as firm reputation, network ties to bring all the possible benefits under one umbrella. Through introspection, we can figure out that firms, which internationalize within few years after their conception, exported to the most distant markets in terms of psychic and geographic distance, and these firms were found to export to a greater number of countries as well (Moen & Servais, 2000). This effectively translated into the premise that INVs will have access to markets having higher potential in terms of financial returns and greater volumes due to catering to a larger market base. From an INV's management perspective, intangible assets such as reputation of the firm can be enhanced by raising the popularity of the product/services line despite the high risk of failure and fierce competition in the developed economies (Duysters et al. 2009; Westhead et al. 2001).

The final driving force in making the speed of internationalization-firm performance relationship stronger is the bureaucratic regulatory environment resulting in red-tape in emerging economies. Since scope of internationalization involves expanding to culturally and geographically different markets, such an unsupportive business environment motivates new ventures to move to highly developed markets where there is a conducive and supporting environment for faster growth and higher financial performance of the INVs. This premise is in complete agreement with the existing literature findings that there are industry-based, resource-based and institution-based forces behind international new ventures moving from emerging to developed economies (Yamakawa et al., 2008).

Accumulating all the above factors, it clearly emerges that the speed of internationalization of the new venture catered to through unhindered development of scope of internationalization offers higher performance avenues. Hence, we can postulate that the right impact of scope of internationalization positively moderates the relationship between speed of internationalization

and performance output of INVs. On the basis of above theoretical descriptions and moderating arguments, we formulate the following hypothesis:

Hypothesis 2:

The scope of internationalization positively moderates the relationship between speed of internationalization and firm performance of an INV.

3.2.2 Entrepreneurial Orientation

Theoretical Nature

We begin by first describing the ‘entrepreneurial orientation’ variable as per the existing studies in the extant literature. The most prominent definition of a firm's entrepreneurial orientation (EO) is that it as a strategic approach that involves a propensity to be innovative by branching out from established practices and execute fresh ideas and experimentation (Covin & Slevin, 1991). It basically pertains to being proactive in order to gain a competitive advantage in foreign market conditions by taking risks in initiatives such as exploring new products, services, and markets. Their model is composed of multiple constructs representing several levels of an organizational system. They argue that the primary theoretical implication of enabling entrepreneurial orientation is that organizations can and should be viewed as entrepreneurial entities. The whole ‘entrepreneurial orientation’ premise is based on an assertion that organizations, like individuals, can create new value for society through the thoughtful and productive assemblage of resources.

According to Miller (1983), an entrepreneurial firm is one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with “proactive” innovations, beating competitors to the punch. In addition, five dimensions—autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness—have been adopted for characterizing and distinguishing key entrepreneurial processes, that is, a firm's entrepreneurial orientation (Lumpkin & Dess, 1996). In essence, entrepreneurial orientation circumvents the processes, practices, and decision-making activities that lead to new entry in foreign markets. They argue that it incorporates the intentions and actions of all the key stakeholders functioning in a dynamic generative process aimed at new-venture creation. Overall, the critical attributes that embody the entrepreneurial orientation of a firm include a propensity to act autonomously, an inclination to be aggressive toward competitors and proactive relative to marketplace opportunities and a willingness to innovate and take risks in order to gain an

irrevocable competitive advantage. (Covin and Slevin, 1991; Knight, 1997; Miller, 1983; Namen and Slevin, 1993; Wiklund, 1999; Zahra and Covin, 1995).

Finally, these intrinsic attributes defining the entrepreneurial orientation are affected by the number of actors inside or outside the firm and emphasizing and executing actions taken by firm puts entrepreneurship in a management framework (Wiklund, 1991). Hence, we can arrive at a conclusion that such actions can push the concept of entrepreneurial orientation in a much wider framework than those directly related to the firm and the exploration of the entrepreneurial orientation construct can enrich the entrepreneurship literature by incorporating variables such as strategy, performance, and organizational structure.

Moderating Effects of Entrepreneurial Orientation

The concept of entrepreneurial orientation, as defined above implies that entrepreneurial firm-level behavior should be a pervasive and integral part of an organization's operations. A crucial managerial aspect of the entrepreneurial orientation construct is that since it is a behavioral phenomenon, it has a moderating influence on the speed of internationalization and firm performance relationship.

The first moderating influence emerges from the 'innovation' attribute of the entrepreneurial orientation construct. Entrepreneurial orientation has in-built innovation mechanism as an intrinsic feature, which propels firms to continually innovate and generate novel ideas, products and services in order to gain a competitive advantage in foreign markets (Covin & Slevin, 1991; Knight, 1997; Miller, 1983). On the basis of this literature, we argue that the beneficial effect of speed of internationalization on firm performance should increase when entrepreneurial orientation is applied to increase the innovation quotient of the firm. When the innovation quotient is raised, the international new ventures have those vital resources needed to expedite the speed of internationalization by coming up with unique products and services which enable them to have an exclusive authority in foreign markets. This effectively translates into enhanced speed of internationalization leading to superlative firm performance.

Secondly, entrepreneurial orientation amplifies the performance effect of a firm's speed of internationalization by increasing the risk-taking aptitude of international new ventures. Since risk-taking is an inherent characteristic of firms having an entrepreneurial orientation approach ,

international new ventures developing such an approach will benefit immensely from the increased risk-taking appetite as an after-effect. As a result, firms operating internationally will have a framework in place for categorizing the uncertainties faced by such firms and shall help them to outline both financial and strategic corporate risk management responses (Miller, 1983). This shall, in turn, increase confidence in managers pushing for greater speed of internationalization that the outcomes of their endeavours shall finally lead to exceptional firm performance as compared to traditional firms in foreign markets. On the basis of these arguments, we can confidently posit that entrepreneurial orientation strengthens the relationship between speed of internationalization and firm performance and thus advance the following hypothesis:

Hypothesis 3:

The entrepreneurial orientation of a firm positively moderates the relationship between speed of internationalization and firm performance of an INV.

3.2.3 Degree of Internationalization

Theoretical Nature

We first describe the ‘degree of internationalization’ variable according to the most frequently used definition in current studies in the domain. Degree of internationalization is defined as the ratio of foreign revenues to total revenues for a firm. Breaking it down further, foreign revenues are the revenues which come from the international operations of a firm, apart from the revenues from the domestic market. A variety of theoretical perspectives and frameworks have been advanced in describing degree of internationalization construct in the research done on INVs. Zhou et al. (2010) have defined the INVs as independently operating small and medium-sized firms with export sales that represent at least 20% of their total sales within 3 years of inception. As per McKinsey & Co. (1993), INVs are firms which view the world as its marketplace from the outset and seek to channelize all the support for its international business. In the study done by McKinsey on Australian exporters (1993), they observed that the INVs on average exported 75% of their total sales within two years of operation.

Interestingly, the extant literature on the INVs presents numerous definitions of the INVs on the basis of their degree of internationalization. The different degrees of internationalization in the literature have been recorded as following: at least 5% (McDougall, 1989); more than 25% (Knight & Cavusgil, 2004; Knight et al., 2004; Moen, 2002; Moen & Servais, 2002; Mort &

Weerawardena, 2006; Rasmussen & Madsen, 2002); more than 50%, for firms originating from small economies (Gabrielsson ,2005; Gabrielsson et al., 2004); more than 75%, for firms from countries with small domestic markets (Chetty & Campbell-Hunt, 2004). Apart from the above definitions, there have been some other distinctive measurement parameters of the degree of internationalization as well. The number of countries served is not a sufficient definition for INVs. Instead, an INV should have business activities in at least two cultural clusters, as defined by Hofstede (1980), and geographical regions. On similar lines, INVs have been deemed to have business activities in at least five countries and 40% of export sales within two years of commercial sales (Kandasaami, 1998). Although all of the above mentioned studies try to characterize the degree of internationalization construct in disparate ways, the essence of a high degree of internationalization contributing to a successful international new venture remains the same. In general, degree of internationalization is an indicator of international commitment, especially at early stages of firm internationalization.

Moderating Effects of Degree of Internationalization

We now establish the moderating impact of degree of internationalization on the speed of internationalization and firm performance relationship in INVs.

The major moderating influence arises from the manifestation of apt degree of internationalization as a driver of rapid and intense internationalization processes and as a sustainable means for firms to exploit competitive advantages such as skilled and specialized behaviour, specialized services, access to collective international knowledge and easy access to information on the internationalization strategies (Zucchella et al., 2007). Figuratively, the penchant of INVs for an accelerated path to international markets is driven by a desire to gain ‘first mover advantage’ over traditional late internationalizing firms and to ‘lock-in’ new customers to ensure a captive audience. By following this cycle, INVs are able to enhance the influence of speed of internationalization on firm performance through elevating the degree of internationalization by capturing the major market share at stake and retaining the client base ahead of their competitors.

The second major amplifying effect of degree of internationalization on speed of internationalization-firm performance relationship emerges from its positive influence on the speed of internationalization through giving impetus to renewed international activity leading to substantive international business intensity and commitment on the part of firm’s management (Johnson, 2004). This amounts to higher international volumes translating into access to superior

technologies, quality and products and services, and effectively higher firm performance. The higher volumes lead to increasing revenues and access to foreign technologies ramps up the 'inward internationalization' quotient and hence multiplying the efficiency of speed of internationalization-firm performance relationship. After taking into consideration the above moderating influences, we can definitely posit that a firm's degree of internationalization will moderate the efficacy of the overall speed of internationalization-firm performance relationship for international new ventures. On the basis of above theoretical descriptions and moderating arguments, we formulate the following hypothesis:

Hypothesis 4:

The degree of internationalization positively moderates the relationship between speed of internationalization and firm performance of an INV.

4. Research Methodology

4.1 Research Methodology Patterns in Previous Studies

Previous studies have utilized a wide array of research methods in the existing literature on international new ventures. Such efforts reflect the highly complex nature of the research issue at hand and the vast matrix of research objectives that have been addressed. This section talks about the different research methodological approaches, such as survey design, sampling designs, sample size, data collection procedure, etc., as followed in the current studies.

The studies aimed at identifying general patterns characterizing the specific behaviour and subsequent performance of new international ventures usually take up a formal hypothesis-building/testing approach. Most of such studies employ significantly medium-to-large-scale, aggregate mail survey data as their most utilized research technique. Rialp et al. (2005) posit that at least half of the empirical studies they have reviewed among quantitative, survey-based studies, cross-sectional approaches (Aspelund & Moen, 2001; Autio & Sapienza, 2000; Bell, 1995; Knight, 2000; Madsen et al., 2000; Moen, 2002; Rennie, 1993; Wickramasekera & Bamberly, 2001; Zahra et al., 2000, 2003) tend to be more widely applied than purely longitudinal ones, using panel data (Autio et al., 2000; Bloodgood et al., 1996; McDougall & Oviatt, 1996; Servais & Rasmussen, 2000; Shrader et al., 2000). Since the fast and growing internationalization level of early internationalizing firms seems to be mostly the result of a dynamic and highly complex

process, both static and longitudinal research methods will have to be better integrated in the future research endeavours. Numerous studies have taken the qualitative, case-based approaches (Bell et al., 2001; McDougall et al., 1994; Oviatt & McDougall, 1995; Rasmussen et al., 2001; Sharma & Blomstermo, 2003). Some studies use multiple research methods for gathering and analyzing relevant data, thus combining mail surveys with in-depth field interviews, secondary sources, and case studies (Andersson & Wictor, 2003; Bell, 1995; Coviello & Munro, 1995; Rennie, 1993; Servais & Rasmussen, 2000; Wickramasekera & Bamberry, 2001; Zahra et al., 2000).

Incidentally, a large number of studies researching international new ventures focus on high-tech sectors and/or firms, and develop their empirical research specifically for the high technology industries. Many authors have also highlighted their research towards firms having international activities associated with a more diverse array of sectors and markets, such as manufacturing and/or services.

The survey samples used in most studies, feature information from key groups of individuals such as founder/founding team, CEOs, managing directors, etc., who are generally in charge of international decision making processes in their respective firms. Various authors such as Autio and Sapienza (2000), Jones (1999), Knight (2000), Madsen et al. (2000), McDougall and Oviatt (1996), Moen (2002) and Moen and Servais (2002) have segmented their samples of firms in different groups of early internationalizing firms to significantly differentiate their respective characteristics, behaviour, cross-border links, and performance. In the data analysis segment, multivariate statistical approaches (correlation analysis, factor analysis, logistical and multiple regression models), have been preferentially used for conducting data analysis than descriptive, bivariate, and comparative statistics (such as frequencies, chi-squared analysis, T-tests, etc.). Rialp et al. (2005) argue that although normally appropriate to each study's defined research problem, the overwhelming use of a single method approach of data collection and data analysis may not fully capture the key issues and processes under investigation. In their opinion, further research should make a more diversified use of these highly compatible methodologies, applying a multiple-method approach in conducting empirical inquiry, as a more rigorous use of the multiple case study method may prove to be an extremely valuable research technique.

Coviello and Jones (2004) emphasize that future researchers need to address their methodological decisions with greater coherency and thoroughness and a unifying methodological direction allowing for the evolution of a truly multidisciplinary approach needs to be developed. For

example, a methodological strategy based upon longitudinal surveys of a large-scale, representative sample of firms together with a well-selected number of case-based studies of both early internationalizing firms and non-early internationalizing firms can be worked out. Integrating the implications of various approaches covered in this section, there is a visible need for more dynamic research designs that integrate different methodologies, improve sampling frames, facilitate equivalence in cross-national comparisons, and incorporate time as a paramount dimension. Hence, future researchers can benefit a great deal from the potential synergies resulting from a more insightful combination of both quantitative and qualitative research methods and techniques.

4.2 Sample and Data Collection

Although the emergence of international new ventures is a worldwide phenomenon, most of the empirical evidence has so far been obtained from the developed economies and relatively inadequate attention has been paid to international new ventures from developing or emerging economies (Rialp et al., 2005; Khavul et al., 2010). Therefore, emphasis should be given to further generalize the impact of new ventures' early internationalization on their performance by using sample of new ventures from emerging economies. It has been observed that recently Chinese new ventures are expanding rapidly in international markets (Zhou, 2007; Zhou et al., 2010), and thus China provides a favorable platform to test our theoretical propositions.

China plays an increasing important role in today's world economic development. According the Statistical Bulletin of China's Outward FDI, by the end of 2008, nearly 8,500 Chinese domestic investing entities had established about 12,000 overseas enterprises, spreading in 174 countries or regions globally. In 2009, China became the second largest trading nation and the largest exporter and second largest importer of goods in the world. China also is one of the most entrepreneurial economies in the world. Zhejiang province, located in the east of China, is a major player in the economic miracle of China's international business and economic growth.

According to the Statistical Bulletin, Zhejiang has the largest number of overseas enterprises, accounting for 22% of China's total overseas enterprises. Zhejiang's export is US\$154.29 billion, accounting for 10.8% of China's total exports in 2008. Zhejiang is also one of the most entrepreneurial economies in China and the average annual growth rate of the number of new ventures is 13.93% from 2001 to 2008. In 2009, Zhejiang had over 1.2 million enterprises, of which 99.6% were SMEs. Therefore, an examination of international new ventures from Zhejiang is appropriate for better understanding international activities of emerging-market economies and

also to add new insights into the existing international new ventures literature that predominately focuses on firms in the developed economies (Yamakawa et al., 2008).

However, the challenge is that publicly available data in emerging markets are generally scarce, outdated or inaccurate (Khavul et al., 2010). In response, the data for this study were collected by a way of questionnaire survey, and the field work was conducted for the same. The questionnaire was originally prepared in English and then translated into Chinese. To avoid cultural bias and ensure validity, the Chinese version was back-translated into English. We paid special attention to detecting any misunderstandings that might arise due to translation. To make the measurement items more acceptable and identifiable to the informants, a preliminary version of the questionnaire was pretested with six executives. Feedback from these executives was incorporated into a revised version of the questionnaire.

As for the data collection procedure, we obtained a list of firms compiled by the Economic and Trade Commission of Zhejiang province, and then selected the firms in manufacturing sector from this list. Among these manufacturing firms, we randomly selected 1000 independently owned firms (not subsidiaries or joint ventures with large state-owned companies or foreign multinational groups) as the sub-sample frame. We administered the questionnaire on-site, similar to previous practices (e.g., Peng & Luo, 2000; Zhou, 2007). Five trained research assistants participated in the distribution and collection of questionnaires. In-person data collection helps enhance the validity of the data because ambiguities pertaining to the meaning of questions can be clarified at the time of administration of the survey by a researcher familiar with the study and trained to maintain consistency across respondents (Khavul et al., 2010). Additionally, for the purpose of improving response rate, we used several methods outlined in the existing studies. First, the survey packet contained a cover letter that introduced the main goal and potential value of the study. Second, the participants were informed that they would receive a summary report of the study as an encouragement.

We finally obtained data from 381 firms, with an effective participation rate of 38.1 percent. Five of the returned questionnaires had too many missing values and thus were considered invalid. The final number of responding firms was 376, representing a valid return rate of 37.6 percent. Of the valid sample firms, international new ventures were 158 (42.02 percent). In our study, international new ventures were characterized by the following criteria:

(1) They entered international markets within three years of inception (Zhou et al., 2010; Zhou, Wu, & Luo, 2007);

(2) They achieved significant international involvement – at least 10% of foreign sales to total sales (Zhou et al., 2007);

(3) They were founded in or before 2007 in order to test the effects of our independent variable in this study.

For causal inferences, following prior studies (Lu & Beamish, 2001; McDougall & Oviatt, 1996; Zahra et al., 2000), we explored 2-year lags of independent variable. Thus, firms that found during 2008 and 2009 are excluded in our study.

To assess the non-response bias, we compared the early respondents with late respondents and found no significant difference in firm size and age. This indicates that non-response bias does not appear to be a significant problem (Armstrong & Overton, 1977). To ensure data validity, we ensured that in addition to the survey responses in the questionnaire, there would be objective firm performance data available for at least 20 percent of the sample (32 firms). Therefore, we asked two top managers to complete the self-reported performance section from each firm within the sub-sample of 32 firms. The post-survey reports were highly consistent with the survey responses (Pearson correlation coefficients ranged from 0.8 to 0.9). These results suggest that the respondents provided valid responses in the main survey interviews.

4.3 Variables and Measures

4.3.1 Dependent Variable

Firm Performance

Firm performance is referred to the average of self-reported financial indicators of profit growth, sales growth, market share and return on investment items for past 3 years, as frequently used in previous studies (e.g., Park & Luo, 2001). For each indicator, respondents assessed their perceptions of the firm's performance relative to its principal competitors in the past 3 years.

4.3.2 Independent Variable

Speed of Internationalization

Speed of Internationalization is measured as the time lag between the formation of the year and the year of first foreign sales (Autio, 2005).

4.3.3 Moderating Variables

Scope of Internationalization

Scope of internationalization is measured on geographic and cultural orientation of the international new venture, scaled from 1 (strongly disagree) to 5 (strongly agree). The items lay stress on items like a firm's stress on geographical/cultural orientation, priority to geographically/culturally similar markets, as described in many previous studies (e.g., Moen & Servais, 1997).

Entrepreneurial Orientation

Entrepreneurial orientation is measured on a seven-item scale validated by Miller (1983) and captures items such as innovation, risk-taking and proactiveness, scaled from 1 (strongly disagree) to 5 (strongly agree).

Degree of Internationalization

Degree of internationalization is measured as the ratio of a firm's revenue from foreign markets divided by the total revenue of the firm. This measure allows us to capture the extent and importance of exposure to foreign markets. Numerous previous studies have utilized this practice of measuring international operations using the ratio of foreign sales to total sales (Talliman & Li, 1996).

4.3.4 Control Variables

We included six control variables believed to affect firm international performance. First variable was the firm age as it might have a strong impact on firm performance (e.g., Zhou et al., 2007). We operationalized this variable as the total number of years in business. The second variable was the firm size, operationalized by the natural logarithm of a firm's full-time employees. The third variable was the gender of the respondent. The fourth and fifth control variables were company ownership and years of foreign experience by the respondent. The sixth control variable is the industry type of firm surveyed, i.e., high-tech or other industry type.

5. Analyses and Results

We begin by giving the outlay of numerous reliability measures and different statistical techniques used in the dataset analysis. We tested the reliability of the multiple-items measures and found Cronbach's alpha values of 0.77 and 0.91 for 'Entrepreneurial Orientation' and 'Performance' variables respectively, which confirm the reliability of the constructs utilized in the variables. We first showcase the organizational characteristics of the sample (N=158) in Table 2. The correlations and descriptive statistics for the study variables are shown in Table 3. We have then used moderated hierarchical regression analysis to test our hypotheses (Cohen & Cohen, 1983), and have adopted a mean-centering procedure approach for the independent and moderating variables to minimize multicollinearity (Aiken & West, 1991). We have displayed the regression results for all the models in Table 4. Model 1 contains only the control variables, while Model 2 adds the effect of speed of internationalization, and Model 3 adds the direct effects of entrepreneurial orientation, scope of internationalization and degree of internationalization. To test the hypotheses, we add the individual interaction terms in Models 4–6 as shown in the Table 4.

We will now discuss the findings of the regression models. In Model 2, we find out that there is no significant direct relationship between firm performance and speed of internationalization ($\beta = -.046$, $p > 0.1$), which is inconsistent with the starting point of our theoretical exposition and hence, hypothesis 1 is not supported. However, in Model 3, the addition of the three moderating variables significantly increases the explained variance ($\Delta R = .12$, $p < 0.05$), suggesting that these factors affect firm performance considerably. The main effects of entrepreneurial orientation and degree of internationalization are positive and significant, whereas the main effect of scope of internationalization is not significant ($p > 0.1$).

The regression models 4–6 are based on hypotheses 2–4, which predict positive moderating effects of the three moderating variables on the relationship between speed of internationalization and performance. To test these hypotheses, we add the individual interaction terms in regression models 4–6. Model 4 reveals a positive and significant interaction effect between speed of internationalization and scope of internationalization on performance ($\beta = .197$, $p < .05$). To understand the nature of the interaction, we plot the effects of speed of internationalization on firm performance for high and low levels of scope of internationalization (Aiken and West, 1991) as illustrated in Fig 2, Panel A. As suggested by the plot, the speed of internationalization-firm performance relationship is stronger at high levels of scope of internationalization variable, and

negative at low levels. These findings provide strong support for hypothesis 2 and validate our expectation about the potential outcomes of moderating impact of scope of internationalization. In Model 5, the interaction effect between speed of internationalization and entrepreneurial orientation on performance is again positive and significant ($\beta=0.178$, $p<.05$). Its plot in Figure 2, Panel B, indicates that the speed of internationalization-firm performance relationship is positive at high levels of entrepreneurial orientation and negative at low levels. These findings provide strong support for hypothesis 3 and also validate our understanding of the concept of entrepreneurial orientation. Finally, in Model 6, the interaction effect between speed of internationalization and degree of internationalization on performance is not significant ($\beta=.025$, $p>.1$). Thus, hypothesis 4 is not supported and there is no moderating impact of degree of internationalization on the speed of internationalization and firm performance relationship. The results show that each of the interaction terms in the models 4-5 improve the explanatory power of the models with the incremental R-square value accounting for respective explanation of variance in the regression models.

6. Discussion and Conclusions

The goal of this study is to examine the speed of internationalization and firm performance relationship in international new ventures with the help of moderating variables. We studied the existing theoretical frameworks and made conceptual arguments about field-defining models such as Uppsala theory of internationalization and the new-age International New Ventures (INVs) theory (Oviatt & McDougall, 2004). Dwelling on prior research, there are direct links between early internationalization and firm performance, although diluted by mixed and inconsistent results in the extant literature (Sullivan, 1994; Autio et. al, 2000; Zahra et. al, 2000).

Most importantly, there have been mixed and inconsistent results between speed of internationalization and firm performance outcomes (Autio et al., 2000; Khavul et al., 2010; Brush, 1992; Lu and Beamish, 2006). We have tried to address these inconsistencies through a study of emerging international new ventures in the developing market of China and then represented the results in the shape of theoretical contributions and managerial implications as listed in the sections below. We present empirical evidence incorporating moderating variables such as entrepreneurial orientation, scope of internationalization and degree of internationalization to ramp up the overall understanding of the speed of internationalization and firm performance relationship. Our approach thus enriches the theoretical contributions of the

existing literature by highlighting and recognizing the relevance of moderating variables in pointing out the varied results emerged so far in underlying the INVs internationalization. We also provide invaluable managerial implications for attaining practical solutions to the issues faced by international new ventures.

The importance of speed of internationalization and firm performance relationship aligns with previous research in the extant literature on international new ventures, which attests to the gains associated with initiation of internationalization and greater knowledge intensity, explained through the knowledge-based theory (Autio et. al, 2000). Our results, however, present a contrasting picture to this notion as we could not find a direct relationship between speed of internationalization and firm performance in our empirical results. This aberration may have occurred for different measurement scales or constructs as compared to the existing sets in the current literature. However, we continued probing for moderating effects and found great support for moderating effect of scope of internationalization and entrepreneurial orientation variables on the speed of internationalization and firm performance relationship. However, the moderating effect of degree of internationalization variable was not found significant. Overall, our findings reinforce the significance of these moderating capabilities for entrepreneurial firms, which rely on limited external resources and self-developed industry relations to extract maximum firm performance (Westhead et al., 2001).

6.1 Theoretical Contributions

The first major theoretical implication of this study is the importance of the role of moderating factors in resolving the theoretical dilemma concerning the performance impact of early internationalization. As our findings suggest that the speed of internationalization and firm performance relationship in INVs is moderated by the given variables exercised in this study, it brings out a unique perspective of explaining the inconsistent and mixed results about the speed of internationalization and firm performance relationship in the extant literature.

Elaborating the first moderating factor of scope of internationalization, the cultural scope of internationalization of INVs is determined by the culture, customs, and environment as well as by the mental adoration of the target international market. The geographic scope of internationalization is a combination of customers' co-ordinates, contacts already established by the founder, and relationships with foreign partners. Combining both the above elements, the right scope of internationalization motivates new ventures to move to markets where there is a supporting environment for faster growth and higher financial performance of the INVs. The

second moderating factor of entrepreneurial orientation refers to gaining a competitive advantage in foreign markets ventured by taking risks in initiatives such as exploring new products, services, and markets. An entrepreneurially oriented outlook of a firm enables it to act autonomous in order to be able to create an ecosystem suitable for being proactive against competitors by taking risks and for developing innovative products and services which deliver superior value to the customers. The final moderating factor of degree of internationalization is defined as the ratio of foreign revenues to total revenues for a firm. It is an indicator of international commitment, especially at early stages of firm internationalization and leads to renewed international activity leading to substantive international business intensity and commitment on the part of firm's management. However, it can be inferred that the impact of degree of internationalization can be dependent on other factors and hence it cannot act as a moderating variable in all circumstances. In general, international commitment and entrepreneurial behavior seem to amplify the performance outcomes of early internationalization.

The second major theoretical implication of this research is the significance of studying emerging market firms within the context of international entrepreneurship (IE). Studies on emerging markets such as Brazil have identified a set of internal variables, such as a firm's network and entrepreneur variables to arrive at why a firm would follow an INV approach rather than a traditional internationalization approach in an emerging economy (Dib et al., 2010). Yamakawa et al. (2008) posit that there are industry-based, resource-based and institution-based forces behind international new ventures moving from emerging to developed economies. All these studies reinforce the importance of concentrating on research of emerging market firms within the context international entrepreneurship (IE). Zhou et al. (2007) have reinforced the internationalization and firm performance relationship of INVs with the aid of mediating effects of social networks in the emerging market of China. Their results show that social networks can function as an efficient means of helping internationally oriented SMEs, in an emerging market like China, can move to foreign markets rapidly and profitably.

6.2 Managerial Implications

Our insights into the importance of moderating variables for the successful realization of young firms' entrepreneurial aspirations also offer useful managerial implications. Our study's results demonstrate the benefits accrued from following an approach of nurturing the moderating variables of scope of internationalization, degree of internationalization and entrepreneurial

orientation while conceptualizing and executing corporate plans of establishing foreign bases or making a new entry in foreign markets. Such an approach empowers the managers to maximize the traction from the internationalization process in international new ventures by carefully augmenting the speed of internationalization to drive overall firm performance.

The first major managerial implication of this study is that it is imperative for managers to develop and enhance both cultural and geographical scope of internationalization, in order to steer away from the geographical and cultural cognitive biases of foreign expansion. For instance, the broadened cultural scope of internationalization has elements such as client's cultural orientation, cross-cultural training imparted to employees and priority to culturally similar markets. Similarly, the broadened geographical scope of internationalization has elements such as expansion irrespective of geographical distance and choosing strategic geographic location in order to make up for lack of resources. A prudent manager learning from our managerial implications would not only focus on these constructs while devising strategy to enter foreign markets, but would also take into account the external environment which permeates these constructs to encourage a radical exchange of information between existing organizational hierarchical set-ups. Such a school of thought would lead to an autonomous and self-reliant underlying mechanism of accelerated internationalization in INVs. This would lead such firms to have inherent differentiating attributes, resulting in optimum firm performance.

The second major managerial implication of this study is that managers of new business ventures should propagate and actualize the entrepreneurial orientation variable in developing international new ventures. This would involve elements such as spending more time on long-term research and development, introducing new products, rewarding risk-taking and taking bold strategic actions. The major benefit of driving entrepreneurial orientation is that such managerial initiatives shall play a pivotal role for international new ventures in carving out a niche for a firm's products/services in the foreign markets, achieving swift product launches, and gather critical volumes mass, while seamlessly blending in with the distributors, vendors and end-users at the same time. Following entrepreneurial orientation approach would also enable firms to come up with radical procedures, systems, methods and hence challenging their competitors in foreign markets.

The third major managerial implication of this study is that the management in INVs should be ready and flexible enough to implement moderating factors such as scope of internationalization and entrepreneurial orientation in order to improve speed of internationalization's impact on firm

performance outcomes. This approach will create a naturally conducive and streamlined ideology in the management structure towards adopting moderating factors quite early after the establishment of the business venture. It shall also ensure that managers would strive to look for alternative strategies for driving up firm performance along with initializing speed of internationalization.

Finally, the fourth managerial implication of this study is that managers should emphasize upon the importance of internationalizing early on in the life cycle of business ventures in order to leverage maximum firm performance. Managers of internationalizing business ventures should try to cultivate an organizational culture where knowledge and technology growth through endeavors such as inward internationalization are rewarded, and are not restrained by any existing cognitive or relational biases. Flexibility in managerial attitude towards international markets shall increase adaptability and sustenance factors of international new ventures and thus improve their extrinsic survival chances in the new marketplace.

7. Limitations and Future Research Directions

We tried our best to anticipate and control for all possible limitations in the course of this research. However, it is not without its share of limitations.

The first limitation of this research is regarding its study sample. The sample data set under study consists of Chinese firms only. Hence, a natural extension of this study would be to test its hypotheses in other emerging-markets. Most of the research in the IE domain has been done on developed economies and relatively fewer efforts have been made in studying international new ventures from developing or emerging economies (Rialp et al., 2005; Khavul et al., 2010). Hence, there should be an emphasis on using new ventures from emerging economies in further research on the impact of firms' early internationalization on their performance.

Another limiting factor is the possible alternative theoretical explanation of the moderating factors. For instance, there could be a direct impact of entrepreneurial orientation on firm performance or degree of internationalization can be viewed as a dependent variable of speed of internationalization. These alternative theoretical explanations are plausible, but are related to the definitions and circumstances they are used in a particular research. We have used entrepreneurial orientation as a moderating variable here as it has the capabilities of moderating the speed of internationalization and firm performance relationship through means such as raising innovation quotient and risk aptitude. Similarly, degree of internationalization can be used as a moderating

variable if the firm has a mandate of reaching a certain degree of internationalization in a financial year. Future research can be pursued on these alternate theoretical explanations of moderating factors by implementing the different manifestations of a variable in the conceptual model.

The assessment of firm performance measure involved probing firm performance metrics such as profit growth, sales growth, market share and return on investment. These variables are quite appropriate considering the output derived from these measures in absolute terms. However, they are only able to capture the tangible essence of the entire firm performance spectrum of the INVs. It would also be prudent to examine non-tangible aspects of the firm performance variable, such as effects of enhanced reputation of the firm, growth in organizational trust and commitment, etc. It would also be quite interesting if the future studies researching firm performance as a dependent variable could analyze the finance, operating and marketing performances separately.

Another limitation was that the fact that this study gathered responses utilizing the memory or recall factor of the respondents. As a consequence, some of the responses in the study might have been inaccurate or biased. For example, some of the foreign activities may have occurred years back and hence might have been blurred in the respondents' cerebral memory. As it is quite difficult to obtain databases of foreign activities of international new ventures that have recently entered the market in emerging economies, it would be advisable for future researchers to gain access to internet and media publications to discover their latest international developments such as foreign tie-ups and acquisitions.

In conclusion, future research can be done to mitigate above mentioned limitations by conducting such research in emerging markets, testing alternate theoretical explanations of moderating factors and examining non-tangible aspects of the firm performance variable. Our conceptual model can be further extended by including new moderating variables such as number of export firms served by the firm and management risk propensity of an INV.

Conceptual Model

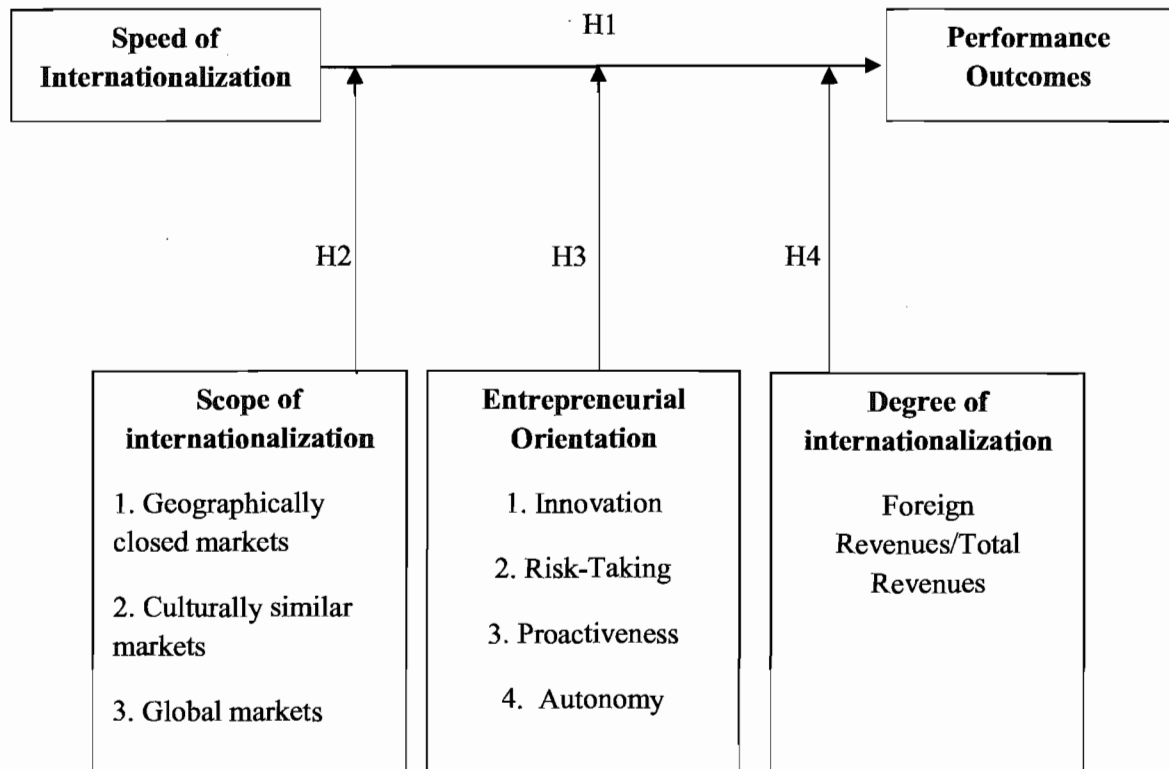


Table 1. Literature review summary

Studies/Year	Research Focus	Theoretical Perspective	Research Methodology	Significant Findings
Acs, Dana & Jones (2003)	To address and define the field of international entrepreneurship and to explain the areas of conversions between international businesses and entrepreneurship.	To combine articles from disciplines such as Economics, International Business, Psychology, Sociology, and Management.	To present articles which re-enforce theoretical contributions of international business and study holistically the international entrepreneurship notion	Conversions of variety of perspectives from a wide range of authors to develop pointers towards future research in the international entrepreneurship domain.
Andersson & Victor (2003)	To develop a conceptual framework of Born Globals from earlier research including the factors: Globalisation, Entrepreneurs, Networks, and Industry.	Understanding the evolution of the born global concept ,their characteristics and key influences.	Case analysis of four companies through developed framework and comparing theoretical concepts with the development in case companies.	The entrepreneurs' personal networks, both local and global are an important tool for implementing the born global strategy and to provide future research directions such as different types of network and foreign market entry strategy of born globals.
Antonio, Rocha & Da Silva (2010)	To examine the born global phenomenon in the context of an emerging country, Brazil.	Understanding firm level, entrepreneurial level and network level variables to realize their impact on the type of internationalization process.	Analyzing the conceptual model in a Brazilian sample of 79 software firms of which 35 follow Born Global approach and rest followed traditional approach. Logistic Regression models were used to test the Hypothesis.	Results showed that particular firm and entrepreneur variables such as innovation, higher technical knowledge impact the type of internationalization process chosen by a firm. Network variables, however, did not create a significant impact.

Autio(2005)	Analysed impact of Oviatt and McDougall's contributions in the International Entrepreneurship domain	Initiation and expansion of internationalization, its constraining and enabling effects, resource endowment and firm's value creation logic	Critical analysis of PTT and INV frameworks and the normative implications generated by the two frameworks	Resultant impact of the work by Oviatt and McDougall on the future research towards a complete theory of new firm internationalization
Autio, Sapienza & Almeida (2000)	Observed effects of age at entry, knowledge intensity, and imitability on international growth	Knowledge-based and learning theory, organizational knowledge and learning	Regression Analyses of panel data from the Finnish electronics industry	Early Internationalization, greater knowledge intensity and even imitability results in faster international growth
Bell, McNaughton & Young (2001)	To explore the born- again global phenomenon and to identify the key triggers that encourage firms to radically alter their strategic direction and market focus.	Comparison of various export/internationalization stage models such as Cavusgil(1980) and Czinkota(1982).	Review and synthesis of the extant literature and case-studies to illustrate the circumstances that encourage noticed behavioural patterns.	Re-enforcing the existence of born again global firms and explaining the circumstances that lead to this phenomenon.
Bell, McNaughton, Young & Crick (2003)	To provide an integrative model of small firms internationalization to reconceptualise the views on the internationalization process of small firms.	Attributes such as motivation, objectives, pace, financing, etc. that lead to differences in internationalization behaviour amongst born-global and traditional firms.	Following the review of the extant literature and a summary of the results of this research, the article proposes an integrative model which integrates the diverse pathways that smaller firms may take during the internationalization process.	Differences in motivation and behaviour of firms pursuing different internationalization paths are discovered and implications for firm's strategies and public policies are presented.
Bloodgood, Sapienza & Almeida (1997)	To determine the strategic and structural characteristics that are most important to the internationalization of high potential US firms still relatively young at the time of IPO, and the impacts on	Understanding a resource based view of new venture internationalization and the relationship between venture resources and internationalization and subsequent performance.	A survey sample of 61 venture capital backed firms was statistically analysed through descriptive statistics and regression analysis.	Internationalization is directly related to the use of product differentiation as a source of competitive advantage, international work experience and size at the point of IPO. Low cost, product differentiation and

	sales growth and profitability for two years following the IPO.			size at the point of IPO were directly related to sales growth in the two year period after the IPO.
Coviello & Cox (2007)	Focus on examining the resource characteristics of INV networks and the patterns of resource change over time.	A review of resource based view theory and a discussion of its relationship to networks and the INV's.	Data were collected through a series of iterative, in depth interviews of managers, responsible of the new ventures, conducted by three graduate research students and a time based analysis was conducted.	The network is shown to be a salient resource for the INV's in terms of generating social capital, acquisition, mobilization and development of resources.
Coviello & Jones (2004)	To review and assess the methodological aspects of the emerging international entrepreneurship literature, to offer insights, and to discuss the implications for further research.	To suggest the need for an approach for developing a unifying methodological direction in the field and evolution of a truly multi-disciplinary approach.	55 Articles are systematically analyzed focussing on time frame and research context, sample characteristics, data collection/analysis procedures, and equivalence issues.	Findings indicate strengths and weaknesses in current international entrepreneurship methods and present implications for further research incorporating time as a key dimension.
Coviello (2006)	To assess the network dynamics of INV's and to address the conceptual frameworks underpinning INV research.	Gathering insights from the entrepreneurship literature and linking the Entrepreneurship and the INV literature.	The results of the case research conducted on three early stage INV's are integrated with previous findings to develop seven empirically based prepositions.	The article imports entrepreneurship theory to the INV literature and integrates this theory with empirical case data from young INV's through seven prepositions.
Dimitratos & Plakoyiannaki (2003)	To develop a conceptual framework for creating theoretical foundation of an international entrepreneurial culture.	Defining international entrepreneurship, the concept of organizational culture, and the dimensions of international entrepreneurship culture.	Critical analysis of the existing literature international entrepreneurship domain	The international entrepreneurship phenomenon should capture six rather than three sub constructs that past studies use to employ. Also, research in international

				entrepreneurship field should examine the overall organizational context in which international entrepreneurship is embedded.
Elango & Pattnaik (2007)	To explain how firms from an emerging market like India build capabilities for international operations.	The process of internationalization through different existing models and applying them to the Indian environmental context.	Using a survey sample set of 794 Indian firms and analyzing them through regression models.	Firms utilize their international experience and foreign networks to build capabilities for international operations. Also, firms lacking market power in their own country benefit through foreign partnerships.
Fan & Phan (2007)	To examine the pattern of entry into international markets for INV's and to show that the need not be a distinct breed of firms.	Analyzing economic drivers of the born global firm and economic, cultural and social determinants of capacity allocation.	Analyzing 135 new industry entrants from the European airline industry and running them through three two-stage regression models.	The decision of a new venture to internationalize at inception is influenced by the size of its home market, its production capacity, economic forces that influence other traditional internationalizing firms.
Johnson (2004)	To examine the factors influencing the early internationalization of small high technology start-ups in the USA and the UK	Defining the critical factors that play a role in creation of start-ups such as internal and external factors and coupling existing theoretical frameworks to offer complimentary views	Combining qualitative and quantitative designs through two sample t-tests.	Determination of factors having the greatest influences such as international contacts, vision of founders etc.
Jones & Coviello (2005)	To define a three stage process to identify core concepts and to develop integrative conceptual models in the field of	Studying and developing primary dimensions and constructs like time, behaviour and positioning them.	Developing a general model of entrepreneurial and internationalisation by studying and improving existing	Development of three potential models of internationalisation as a time based process of entrepreneurial

	international entrepreneurship.		models.	behaviour.
Keupp & Gassmann(2009)	Theory development in the field of international entrepreneurship through directions for further research	Analyzing the academic disciplines of strategic management, international business, entrepreneurship, and technology and innovation management	Comprehensive review of 179 articles published in International Entrepreneurship domain in 16 journals over 14 years	Determined theoretical inconsistencies, conflicting predictions and knowledge gaps critical for further development of International Entrepreneurship research
Knight & Cavusgil(2004)	To explore the role of innovative culture and organizational capabilities in the early adoption of internationalization and subsequent international performance in the born-global firm.	Understanding relationships between organizational culture, business strategies and firm's performance in international markets	203 survey samples were analyzed through descriptive statistics and path analysis in LISREL8.	New foundations in terms of the scope of scholarly investigation, and in terms of disequilibrium and dynamic approaches, focused on process models and dynamics rather than comparative transaction cost frameworks
Knight (2000)	To investigate the inter-relationships of entrepreneurial orientation, marketing strategy, tactics, and firm performance among SME's affected by globalization.	Understanding culture, marketing strategy, tactics, in the context of globalisation. Factors such as entrepreneurial orientation, marketing leadership, technology acquisition are linked to performance.	Data sample of 273 firms was statistically analysed through t-test, correlation analysis and multivariate regression.	Results present empirical findings and conclusions on the critical roles of entrepreneurship and marketing, such as internationalization preparation, to assist SME managers.
Lu, Zhou, Bruton & Li (2010)	To explore the relationship between capabilities, resources, and international performance among entrepreneurial firms in an emerging economy.	Defining capabilities as information acquisition capability, adaptive capability as well as institutional capital and managerial ties.	The sample survey of 775 completed questionnaires was analysed through descriptive statistics and the hypotheses were tested using structural equation modeling.	The findings assert that adaptive capability played a partially mediating role, acting as a significant intermediate variable between resources and international performance.

Madsen & Servais(1997)	Tracking the evolutionary process of growth of born global firms	Driving forces and theoretical approaches of the internationalization process of firms with links to the original Uppsala internationalization process and other approaches and theories	Review of the existing theories of born global firms, analyzing empirical support for the existing findings, and comparing case studies about born globals in different countries	Generation of theoretical and empirically derived propositions about born globals and future research directions for them
Mathews & Zander (2007)	To delineate an emerging field of international business scholarship by using the concepts of INV's and the phenomenon accelerated internationalization.	Understanding international entrepreneurial dynamics such as the discovery of opportunities, resource deployment, and competitive interaction.	Tracking new currents in the field of IB such as the new species of MNE's the global economy and the changing setting for IB research.	To lay a new foundation in terms of scholarly investigation, disequilibrium and dynamic approaches, focused on process models and dynamics rather than static frameworks in the field of IB studies.
McNaughton(2003)	To draw on both process models and the literature about born global firms to identify possible influences on the number of export markets served by a firm.	Studying process models and the challenges of the born global phenomenon and investigating influences of the age of the firms, its size, etc. on the number of export markets.	Data were collected from 75 Canadian Micro firms that export manufactured products and analyzed through a linear regression Model.	The article provides a description of the market, product and industry conditions where entry into a larger number of export markets should be considered.
Moen & Servais(1997)	To focus on the concept of gradual development v/s the born global phenomenon through examination of export behaviour of small and medium sized firms.	Analyzing the different internationalization process models and the concept of born globals.	Analyzing data from a three nation survey sample through cronbach alphas and anovas	The future export involvement of a firm is to a large extent influenced by its behaviour shortly after establishment. The basic resources and competencies of a firm are largely determined during the establishment phase.
Moen & Servais(2000)	To examine the export behaviour of SMEs through born global or gradual	Analyzing the internationalization process models such as the Uppsala model and	A three nation survey sample form France, Norway and	The results suggest that export intensity, distribution, market

	global routes.	the concept of born globals and gradual globals.	Denmark was statistically analysed through a one way analysis of variance in SPSS.	selection, and global orientation are not influenced by the firm's year of establishment or first year of exporting activity. The results also indicate that future involvement of a firm is influenced by its behaviour shortly after establishment.
Naude & Rossouw (2010)	To gauge the extent and impact of INV's in emerging economies and international entrepreneurship in china.	Categorizing the determinants of the extent and speed of internationalization including the mediating factors.	Utilizing data from 3948 Chinese firms obtained from World Bank survey and analyzing it using descriptive statistics and regression analysis.	Exporting firms in China tend to export more directly, grow faster, be younger on average, spend more on R&D, etc.
Oviatt & McDougall (2005)	To highlight the definitions of international new ventures in the international entrepreneurship domain.	To introspect the intersection of international business and entrepreneurship and to carve a path to international new ventures.	By studying the intellectual and personal origins of the 2004 article 'Toward a theory of international new ventures'	To provide an example of the successful implication of international business scholarship into adjacent disciplines.
Oviatt & McDougall(1997)	To explore the significant challenge of INVs to existing internationalization process theory and decode empirical issues associated with them	The prevalence and role of international new ventures, managing international risks, accelerated internationalization and inward and outward internationalization of value chain activities	Identifying research problems and empirical issues leading to the internationalization process of new ventures through existing theories and empirical findings.	Role of changing economic, technological and social conditions in leading to new research issues for internationalization process of firms
Oviatt & McDougall(2000)	To study and focus the research intersecting the international business and entrepreneurship	To study current stream of research in International Entrepreneurship such as The Journal of Business Venturing, Entrepreneurship theory	Review of diverse sources as well as 34 articles submitted to this special research forum to identify	To provide a unifying and clear theoretical and methodological direction to the field of

	domains.	and practice	major areas of interests within International Entrepreneurship and comparison between corresponding studies in multiple disciplines.	International Entrepreneurship and to provide useful directions for future research
Oviatt & McDougall(2004)	To identify, define and describe the emerging phenomenon of INV's and to show that the current theories of MNE are lacking in describing it well.	To present a theoretical framework explaining INV's and to integrate accepted MNE theory with recent developments in Entrepreneurship and strategic management research.	Evaluating problems in the application of MNE theory to international new ventures and to define necessary and sufficient elements for sustainable INV's	Describing four types of INV's in terms of new INV's framework, the number of value chain activities they co-ordinate, and the number of countries in which they operate.
Oviatt & McDougall(2005)	To present a revised definition of International Entrepreneurship and explaining the concept of international new ventures.	To draw upon theories and framework from international business, anthropology, economics, psychology, finance, marketing and sociology to develop the domain of International Entrepreneurship.	Developing a model of forces influencing internationalization speed and describing network and knowledge influences.	To provide research directions in the field of International Entrepreneurship and to explain the observed differences in the speed of internationalization.
Rialp, Rialp & Knight (2005)	To increase knowledge and to expand the field of international entrepreneurship.	To review studies on criteria such as objective and type of research, theoretical framework , methodology and conclusions	Synthetic review of 38 studies in international entrepreneurship from 1993-2003.	Critical assessment of most relevant benefits and contributions as well as potential drawbacks, further opportunities and major limitations has also been derived.
Sapienza, Autio, George & Zahra (2006)	To design a framework for the influence of internationalization on the survival and growth of firms by expanding the dynamic capabilities view of the firm.	To expand the idea of organizational imprinting by focusing on the dynamic capabilities for exploiting opportunities in the foreign markets and finding inter-linkages between internationalization, survival and growth.	Devising a framework by examining the existing literature on the capability based view of the effects of internationalization on firm's survival and growth.	The effects of internationalization are moderated by organizational age, managerial experience and resource fungibility.

Sharma (2003)	To contribute to the development of theory of international entrepreneurship by explaining internationalization process of born-globals.	Explaining that the knowledge based behavioural internationalization process models are suitable for explaining the internationalization process of born global firms and focusing on the nature of born globals.	Observing the existing literature on the knowledge and internationalization process of firms.	Born global firms possess international market knowledge before their first foreign market entry, whose mode is based on their existing knowledge and the knowledge supplied by their networks ties.
Welch & Luostarinen(1992)	To explore the nature and significance of inward-outward connection in the internationalization process of firms, with particular emphasis on the contribution of inward activities to outward involvement in the early stages of internationalization.	Exploring direct and indirect relationships of inward-outward connections in internationalization.	Case study of an Australian wine cooler company with studying its initiation of outward internationalization from inward internationalization process.	The results indicate that inward internationalization factors may play an important contributory role in later outward internationalization in firms. The results also stress that inward-outward internationalization links are important even at the earliest stages on international development.
Yamakawa, Peng & Deeds (2008)	To find out what leads new ventures to internationalize from emerging to developed economies	Incorporating the industry base, resource base and institution based views of the internationalization strategy of new ventures.	To develop a comprehensive framework based on the three leading perspective on strategy and to propose a series of prepositions to explore the logic behind research focus.	To provide better understanding of the internationalization behaviour from emerging economies to developed economies and to reinforce the link between entrepreneurial orientation and foreign market entry of new ventures.
Yiu, Lau & Bruton (2007)	To introduce new parameters on specific ownership advantages and strategic actions that firms have to	Defining international venturing as outward FDI activities and discussing firm capabilities, home country network ties and	Survey sample of 274 Chinese firms analyzed through moderated hierarchical regression	The relationship between firm specific ownership advantages and international venturing is

	develop in response to the institutional characteristics of the emerging economies while pursuing outward FDI.	competition.	analysis.	moderated by the degree of home industry competition and export intensity.
Zahra (2005)	To review Oviatt and McDougall's prepositions in the international entrepreneurship field and to highlight their important contribution to the field.	Understanding the INV phenomenon, types of INV's, INV's learning in global market place such as learning advantages of newness.	Critical review of the original paper by Oviatt and McDougall in 1994.	Awareness of researchers that INV's are a distinct entity in international entrepreneurship. They have also used insights and theories to understand how entrepreneurs recognize and refine the INV's opportunities.
Zahra, Ireland & Hitt (2000)	To understand the effects of internationalization on a firm's technological learning and its subsequent result on firm's financial performance.	Understanding international expansion, mode of entry such as start-ups, acquisitions, with the breadth, depth and speed of the technological learning. The resultant impact on firm performance is measured by ROE and sales growth.	A survey sample of 321 firms was analyzed through descriptive statistics and moderated regression analyses.	The international expansion expedites a firm's technological learning, which in turn positively affects new venture performance.
Zang, Shen, Tam & Wan (2010)	To provide a better understanding on the internationalization path for firms in emerging economies through an example of Chinese firms.	Examining relationships amongst variables such as market orientation, knowledge acquisition, market commitment and performance of SME's in foreign markets.	Correspondence analysis to examine the relationship between the internationalization paths and the firms form of ownership.	Chinese firms are found to have low levels of internationalization and the preferred routes for internationalization through outwards FDI are also ranked.
Zhou, Barnes & Lu (2010)	To improve the understanding of the mechanism underlying LAN-related performance advantages in new venture	To integrate the entrepreneurial orientation of INV's and the LAN perspective by examining a mediating path of capability upgrading in relation to desired performance	A sample of 436 young INV's from China was statistically analysed through descriptive statistics and structural equation	The findings provide supporting evidence for the mediating effect of capability upgrading, particularly among larger new ventures

	internationalization	advantages among young INV's.	modeling.	and describe how the performance implications can be achieved through mediating mechanisms of both knowledge and network capability and upgrading at early stages of international venturing.
Zhou,Wu & Luo (2007)	To throw light on the influence of home-based social networks as a mediating factor between international orientation and firm performance.	Exploring social network in internationalization such as international orientation and the theoretical nature of social networks, performance impact of social networks.	Data from SME's located in china were analysed using a structural equation approach through AMOS.	The results suggest that although higher degrees of outward and inward internationalization orientations are likely to be associated with higher business performance, guanxi networks play a significant role in mediating the performance impact of internationalization.
Zucchella, Palamara & Denicolai(2007)	To explore the drivers of precocity of the internationalization of a firm	Categorizing drivers of early internationalization into business, location, network and entrepreneur specific variables	Questionnaire Survey of 144 SMEs validated through correlation and association analysis and a logistic regression	Compilation of drivers of internationalization including previous experience of entrepreneurs and the positive association between precocity and niche positioning of business.

Tables and Graphs

Table 2- Organizational Characteristics of Sample Dataset (N=158)

Firm Attribute	Mean
Firm Age	5.34
Number of Employees	240
Number of Overseas Markets	2.55
Type of Industry (Decomposition)	
IT and Telecommunications	46%
Textile and Garments	12%
Chemicals and Pharmaceuticals	6%
Manufacturing	34%
Others	2%
Total	100%

Table 3- Descriptive Statistics and Correlations (N=158)

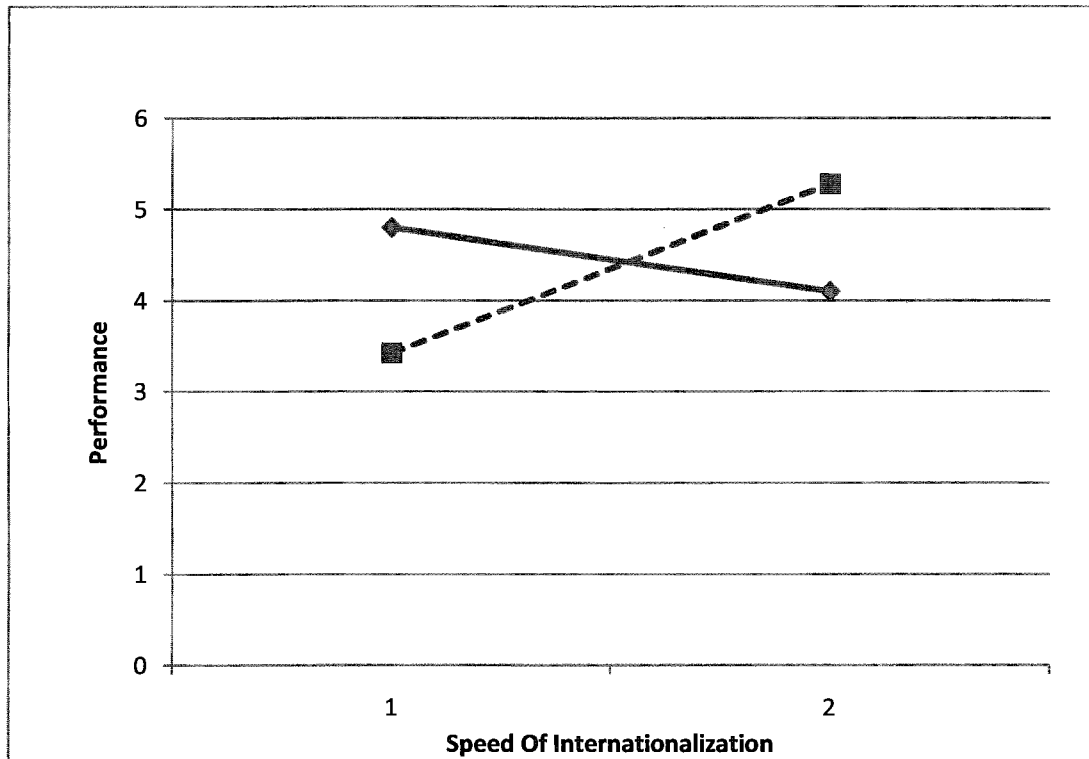
S.No	Variables	Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11
1	Performance	3.84	0.84	1										
2	Speed of Int.(SpeedInt)	1.58	1.98	-0.031	1									
3	EO	3.49	0.56	0.203	-0.645	1								
4	Scope of Int. (ScopeInt)	2.35	0.95	0.003	-0.412	0.294	1							
5	Degree of Int. (DegreeInt)	0.56	0.34	0.121	-0.306	0.167	0.081	1						
6	Company Size (log employees)	2.02	0.55	0.072	0.18	-0.058	-0.146	-0.178	1					
7	Company Age (years)	7.34	2.817	-0.022	0.411	-0.238	-0.126	-0.112	0.405	1				
8	Gender (1= Male)	0.6	0.491	0.092	0.002	0.048	-0.064	0.109	0.033	0.072	1			
9	Company Owner (1=yes)	0.08	0.267	-0.03	-0.07	0.053	-0.032	0.146	-0.09	-0.007	0.236	1		
10	Foreign Experience	0.16	0.634	0.16	0.044	-0.038	-0.136	-0.082	0.072	-0.052	0.102	0.193	1	
11	Industry Type (1= High- Tech)	0.46	0.521	0.089	0.014	0.037	-0.058	0.152	0.066	0.071	0.059	0.083	0.27	1

Table 4 - Hierarchical Regression Models

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Constant	3.523***	3.492***	3.571***	3.641***	3.721***	3.692***
Company age (years)	-0.052	-0.031	-0.042	-0.039	-0.034	-0.049
Gender(1=Male)	0.085	0.086	0.062	0.039	0.072	0.061
Company Owner (1=yes)	-0.072	-0.079	-0.096	-0.082	-0.095	-0.12
Industry Type (1= High-Tech)	0.067	0.071	0.059	0.042	0.077	0.052
Foreign Experience	0.159^	0.163*	0.184*	0.162*	0.164**	0.179*
Speed of Internationalization (SpeedInt)		-0.042	0.209^	0.24*	0.221**	0.216^
EO			0.321**	0.251*	0.291**	0.309**
Scope of Internationalization (ScopeInt)			0.017	0.012	0.002	0.019
Degree of Internationalization (DegreeInt)			0.159^	0.152^	0.149^	0.157^
H2: SpeedIntxScopeInt				0.191*		
H3: SpeedIntxE0					0.176*	
H4: SpeedIntxDegreeInt						0.019
F	1.413	1.189	2.226	2.488	2.513	2.116
R-square	0.041	0.047	0.11	0.141	0.146	0.116
ΔR-square	0.042	0.006	0.063	0.031	0.005	0.03

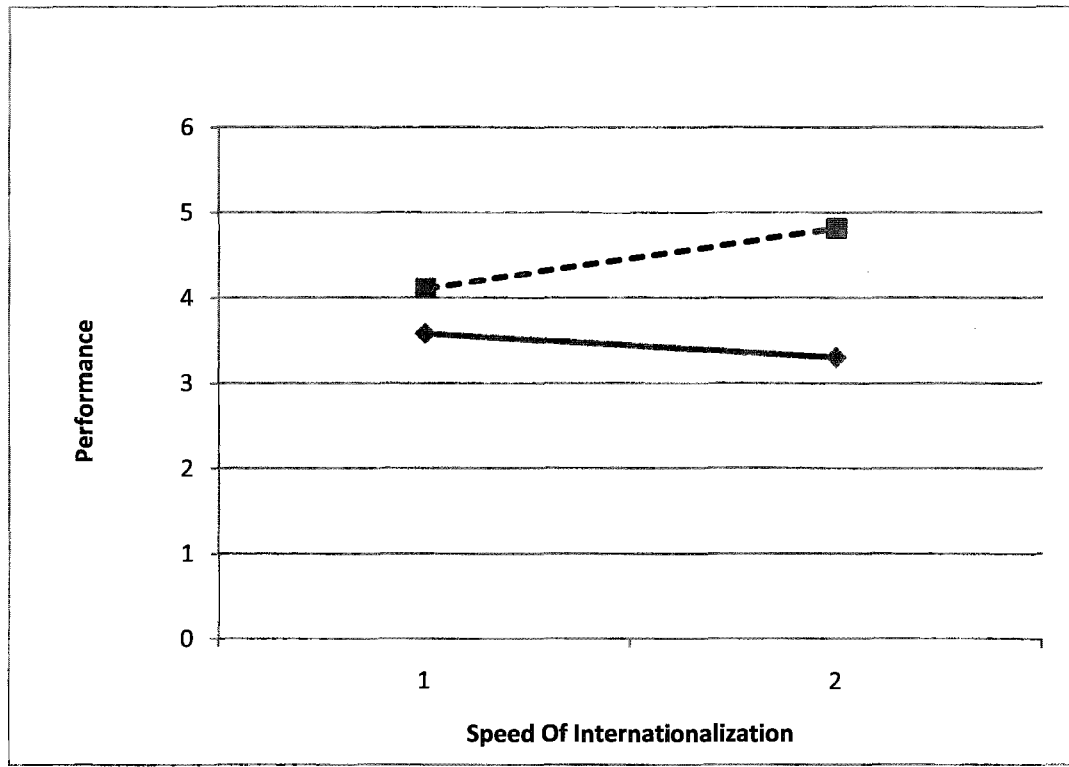
Note: Standardized Coefficients; ***p<0.001, **p<0.01, *p<0.05, ^p<0.10.

Figure 2. Panel A



Scope of Internationalization: ____ Low —— High

Figure 2. Panel B



Entrepreneurial Orientation: _____ Low ---- High

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9. Appendix

9.1 Appendix A – Survey Questionnaire

1. Please allocate 100 points among the following foreign markets such that the numbers reflect the relative importance of the respective markets to your firm's international growth. Please do this for the situation in the past year (2010) and the projected situation in three years (2013)

	2010	2013
Asia	_____	_____
Middle East	_____	_____
North America	_____	_____
Latin America	_____	_____
Africa	_____	_____
Europe	_____	_____
Australia/New Zealand	_____	_____
Total	100	100

2. Please name the country or group of countries that is most important to your firm's international growth:

In 2010: _____
 In 2013
 projected): _____

3. Please indicate your firm's current and estimated number of employees:

	2010	2013
Total number of employees	_____	_____
Number of employees who spend at least 50% working time in activities pertaining to markets <u>outside India</u>	_____	_____

4. Please answer the following questions with regard to your firm's first foreign activities.

4.1 In what year did your firm make the first contacts with foreign customers? _____
 In which country? _____

How did it happen? _____

4.2 In what year did your firm make the first contacts with foreign suppliers? _____

In which country? _____

How did it happen? _____

4.3 In what year did your firm generate the first foreign sales? _____

In which country? _____

How did it happen? _____

4.4 Which entry mode did you choose when you undertook your FIRST foreign economic transaction (e.g., sales, purchase, or other)?

Please mark one of the following options:

- _____ Export
 _____ Import
 _____ Foreign licensing
 _____ Detachment of personnel abroad
 _____ Foreign joint venture
 _____ Foreign subsidiary

4.6 Please allocate 100 points among the following entry modes such that the numbers reflect the relative importance of the respective entry modes to your firm's international growth in 2010 and projected in 2013.

	2010	2013
Export	_____	_____
Import	_____	_____
Foreign Licensing	_____	_____
Foreign Postings	_____	_____
Foreign Joint Venture	_____	_____
Foreign Subsidiary	_____	_____
Total	100	100

5. Relative to your principal competitors, please rate your firm's performance during the past three years in markets OUTSIDE India, on the following performance measures.

	Much worse		Same		Much better
Foreign profit growth	1	2	3	4	5
Foreign sales growth	1	2	3	4	5

9. Please indicate the industry your firm is currently active in:

- 1 Telecommunication
- 2 Computer
- 3 Pharmaceutical
- 4 Textile
- 5 Food
- 6 Chemicals
- 7 Construction
- 8 Manufacturing
- 9 Transportation
- 10 Wholesale
- 11 Retail
- 12 Finance
- 13 Others, please specify: _____

16. Please indicate the founding year of your company:

Year _____

17. Are you the founder of this company (Please mark)?

- 1 Yes
- 2 No

18. Please indicate the type of firm ownership in your firm:

- 1 Publicly-owned
- 2 Privately-owned
- 3 Joint ownership (local majority)
- 4 Joint ownership (foreign majority)

10. Please indicate your firm's total sales in 2010: _____

11. Please indicate your firm's projected total sales in 2013: _____

12. Please indicate your firm's foreign sales in 2010: _____

13. Please indicate your firm's projected foreign sales in 2013: _____

14. Please indicate the percentage of foreign sales to the total in your firm in 2010: _____%

15. Please indicate the projected percentage of foreign sales to the total in your firm in 2013: _____%

19. Answer the following questions regarding your experience before you joined this company.

1. How many years of foreign working experience did you have before? _____ years

2. Did you have any experience working in India with a foreign company or foreign joint venture before joining?
 1 Yes
 2 No

3. If yes, how many years? _____

_____ years

20. What is your current position in this company (please mark)?

- 1 Owner
- 2 Top management
- 3 Middle management
- 4 Others, please specify _____

24. In which year were you born? Year _____

25. What is your gender? 1 Male
2 Female

21. How long have you worked for this company? _____ years

22. How many years have you lived outside of India? _____ years

23. On average, how often did you attend international trade shows in 2008, 2009, 2010?

- 1 Once per year
 - 2 2-3 times per year
 - 3 4-5 time per year
 - 4 5+ per year
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